OFFICE OF THE MAYOR
SAN FRANCISCO
TREASURE ISLAND DEVELOPMENT AUTHORITY
410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND

WILLIE LEWIS BROWN, JR.

TREASURE ISLAND DEVELOPMENT AUTHORITY
MEETING AGENDA
Wednesday, October 9, 2002 1:30 P.M.

City Hall, Room 400
1 Dr. Carlton Goodlett Place

Willie L. Brown, Jr., Mayor

DIRECTORS

Claudine Cheng, Chair
William Fazande, Vice-Chair
John Elberling
Marcia Rosen
Gerald Green
Susan Po-Rufino
Doug Wong

Annemarie Conroy, Executive Director
Peter Summerville, Commission Secretary

ORDER OF BUSINESS

1. Call to Order and Roll Call
2. Approval of Minutes (*Action Item)*
3. Report by Executive Director Annemarie Conroy (*Discussion Item*)
   - Report on access to Treasure Island including public use last month
   - Status of environmental clean up
   - Report on short-term leases
   - Report on San Francisco-Oakland Bay Bridge/Caltrans issues
   - Report on Treasure Island community issues
   - Report on Citizens Advisory Board
   - Report on TIHDI
   - Financial Report
   - Legislation/hearings affecting Treasure Island
4. Communications (*Discussion Item*)
5. Ongoing Business by Directors *(Discussion Item)*
6. General Public Comment (*Discussion Item*)
   ******In addition to General Public Comment (Item #6), Public Comment will be held during each item on the agenda.******
7. Resolution to approve an extension of terms of the master leases between the Authority and the US Navy for the South Waterfront Area, the Marina, and the Event Venues to extend the term of each master lease until September 3, 2003 (*Action Item*)

8. Resolution authorizing the fourth extension of a Use Permit for an additional six months with California Engineering Contractors/Modern Continental for use of Pier 1 (*Action Item*)
9. Resolution authorizing the Executive Director to execute an extension of the Cooperative Agreement with the United States Navy (*Action Item*)
10. Presentation by the Treasure Island/Yerba Buena Island Citizen's Advisory Board on the Draft Response to the Focused RFP for Master Developer prepared by Treasure Island Community Development for the redevelopment of Former Naval Station Treasure Island (*Discussion Item*)
11. Staff presentation on the Draft Response to the Focused RFP for Master Developer prepared by Treasure Island Community Development for the redevelopment of Former Naval Station Treasure Island (*Discussion Item*)

POSSIBLE CLOSED SESSION

******If approved by the TIDA Board, this Closed Session item will take place for approximately 45 minutes at the end of the meeting******

- Public Comment on all items relating to closed session
- Vote on whether to hold closed session to confer with legal counsel. (San Francisco Administrative Section 67.11 (b). *(Action item)*

12. CONFERENCE WITH REAL PROPERTY NEGOTIATOR
    Persons negotiating for the Authority: Annemarie Conroy, Stephen Proud, Michael Cohen
    Persons negotiating with the Authority: United States Navy
    Property: Former Naval Station Treasure Island
    Under Negotiation: Price___ Terms____ Both X
13. Reconvene in open session *(Action item)*
    - Possible report on action taken in closed session under Agenda Item 12. (Government Code section 54957.1 (a) (2) and San Francisco Administrative Code section 67.14 (b) (2).)
    - Vote to elect whether to disclose any or all discussions held in closed session (San Francisco Administrative Code section 67.14 (a).)
14. Discussion of future agenda items by Commissioners (*Discussion Item*)
15. Adjourn

Relevant documents such as resolutions, staff summaries, leases, subleases are available at the Treasure Island Project Office and the Government Information Center at the Main Library, 100 Larkin Street. Public comment is taken on each item on the agenda.

MEETING AGENDAS NOW AVAILABLE ON E-MAIL

If you would like to receive TIDA meeting agendas by e-mail, rather than through U.S Postal Service mail, please send your name and e-mail address to TIDA@ci.sf.ca.us.

Disability Access

The Treasure Island Development Authority will meet at City Hall, 1 Dr. Carlton Goodlett Place. City Hall is accessible to persons using wheelchairs, and others with disabilities. For American Sign Language interpreters or use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please telephone 554-6789 at least 72 hours before a meeting.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals.

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing devices.

The closest accessible BART is Civic Center, three blocks from City Hall at the intersection of Market, Grove and Hyde Streets. Accessible MUNI lines serving this location are: #42 Downtown Loop, #9 San Bruno and the #71 Haight/Noriega. Accessible Muni Metro lines are J, K, L, M and N stopping at the Muni Metro Civic Center Station at the intersection of Market, Grove and Hyde Streets. For more information about MUNI accessible services, call 923-6142. Accessible curbside parking is available on Grove Street.

TREASURE ISLAND WEBSITE

Check out the Treasure Island website at www.sfgov.org/treasureisland to find out about activities and facilities on Treasure Island, special events venues for rent, or to review the Treasure Island Development Authority's agendas and minutes.

Lobbyist Ordinance

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Administrative Code 16.520-16.534] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102, telephone (415) 581-2300, fax (415) 581-2317 and web site http://www.sfgov.org/ethics/.

Know Your Rights Under the Sunshine Ordinance

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review.

For more information on your rights under the Sunshine Ordinance [Chapter 67 of the San Francisco Administrative Code] or to report a violation of the ordinance, contact Donna Hall by mail at Sunshine Ordinance Task Force at City Hall, Room 409, 1 Carlton B. Goodlett Place, San Francisco, CA 94102-4683. The Task Force's telephone and fax numbers are (415) 554-7724 and (415) 554-5163 (fax) or by email at Donna_Hall@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org/bdsupvrs/sunshine/ordinance.

Notes

Notes

OFFICE OF THE MAYOR
SAN FRANCISCO

TREASURE ISLAND DEVELOPMENT AUTHORITY
410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND

WILLIE LEWIS BROWN, JR.

DRAFT Minutes of Meeting
Treasure Island Development Authority
September 11, 2002

City Hall, Board of Supervisors Chambers
1 Carlton B. Goodlett Place

1.Call to order 1:35 PM

Roll Call **Present:** Claudine Cheng (Chair)
William Fazande (Vice-Chair)
John Elberling
Gerald Green
Susan Po-Rufino
Marcia Rosen

Excused: Doug Wong

Commissioner Cheng stated that the meeting would be held in memory of the victims and heroes of September 11, 2001, in honor of the one year anniversary of those events. Also stated that the closed session items on the agenda, items 7 and 8, would be held at the end of the meeting and not at the beginning as previously listed.

2.The minutes of August 14th, 2002 were approved unanimously

3. Director's Report given by Executive Director Annemarie Conroy:
Public Use: 70 weddings and 40 private parties scheduled. Movie "Blackout" filming in Building 180 until October 18th. "Emeril Live" taped on Treasure Island will be shown on September 29th.
Environmental cleanup status: Navy has released EECA draft document, would like public comment on this document. Have had a series of public meetings on Treasure Island, will issue a final report within next thirty days.
Short term leases: No new short term leases
Caltrans/Bay Bridge: No new issues, pursuing MOU with Caltrans
Community Issues: No new community issues, may be hosting a candidate night for District 6 supervisorial candidates.
Citizens' Advisory Board: (handed out list of CAB meetings and subcommittee meetings held since August 15th). Thanked CAB and development team for their hard work at the public meetings and presentations.
TIHDI Report: No new items
Financial report: Latest FAMIS report will be available by next meeting for report.
Legislation: Commission Chair Claudine Cheng re-appointed to a new term by Board of Supervisors.
BCDC Commission had tour of Treasure Island, included in tour was former TIDA Commissioner Anne

Halstead, BCDC Chair Barbara Kaufman, and BCDC Director Will Travis. BCDC is looking at Bay Plan in terms of situations regarding closing military bases.

Mr. Elberling asked for an update on the Board of Supervisors budget process
Ms. Conroy stated that the Board of Supervisors approved the TIDA budget.

4. There was 1 communication received by the TIDA board in the past month

5. There was no ongoing business by directors.
Commissioner Green joined the TIDA Commission at 1:40 p.m.

6. There was no General Public Comment

11. Mr. Stephen Proud of the Treasure Island Development Authority staff stated that TIDA has a sublease with the Treasure Island Homeless Development Initiative for Building 497 on Treasure Island. TIHDI currently houses its food pantry out of a garage in the residence area, and wanted to have a centralized building for this operation. Also plan to use building for health clinic, community meetings, workshops previously held at Fogwatch building since Navy environmental remediation activity now taking place near Fogwatch. This building was originally to be part of Police Academy campus. "Butler-style" building, insulated, good space for classroom use and meetings. Obligated to come back to Authority board to authorize extension of sublease and continue use of facility. It will be a service space for TIHDI, no improvements necessary. TIHDI to use building on a rent free basis.

Mr. Matt Starr, TIHDI Board of Directors, stated that TIHDI is excited for use of Building 497. Currently serves 45 residents Island-wide. Boys and Girls Club have programs in building as well. Thanked Authority and Director Conroy and staff

Mr. Proud clarified that it is a one-year extension, not a six-month extension of the sublease.

No public comment on this item

The item was motioned for approval, seconded, and approved unanimously

12: Mr. Proud stated no staff presentation on this item on that day. Intent of presentation is to address comments made by Director Green regarding open spaces and housing typology issues. Looked at as last formal presentation by Treasure Island Community Development regarding elements of proposal. Treasure Island CAB will meet on September 19th, with a final presentation by TICD and CAB will finalize comments on proposal at this meeting as well, and will be presented at October 9th, 2002 TIDA meeting. Staff will make presentation as well with regard to proposal.

Ms. Cheng asked if this schedule has been discussed with CAB, and if the CAB is OK with this schedule Mr. Proud stated that the CAB and CAB chair Karen Knowles-Pierce are aware of the schedule and are OK with it. CAB decided to expand September 19th meeting instead of holding regular meeting as well as special meeting to formulate response presentation. TIDA would like to have first round of comments submitted by October 9th so that TICD can formulate response to these comments.

Mr. Jay Wallace of Kenwood Investments, managing partner of Treasure Island Community Development, spoke regarding housing typology and landscape issues presentation. TICD wants to wait until all comments have been collected before going back and formulating responses to these comments. Stated that TICD has been working with TIDA staff and TIHDI to resolve affordable housing issues, including finance and construction of these units. Not prepared today to give all information, but have been working closely and will be able to provide answers within schedule that Mr. Proud identified, most likely in October and November meetings in anticipation of decision by TIDA board in December.

Ms. Karen Auschuler from SMWM spoke regarding issues that have come up about housing typology and neighborhood concepts. Presented potential typologies for proposed housing. Success of project based on

viability of alternate transportation for residential use. Each district has it's own character in relation to housing. Almost every street leads "water to water" from one side of the Island to the other. Many different vehicular and pedestrian ways lead water to water, very rare, even in San Francisco. Public spaces divide every housing block. Smaller, townhouse scale buildings edge water, buildings "step up" away from the water and towards center of the Island. Always an awareness and sense of public ownership of the water from housing units (showed visual samples of views from different housing areas). Buildings height typically two, three, or four story buildings, a few will be a few stories higher. (showed visual aids of housing blocks located in different neighborhoods on Treasure Island). Stated that articulation of buildings can bring about a sense of "neighborliness" in terms of bringing people together. Stated they can work with good architecture and planning to reinforce that sense of community. (showed several slides of various housing types that are same scale as proposed housing on Treasure and Yerba Buena Island) Slides presented to simply give example of scale of potential buildings, included slides of Delancey Street in San Francisco, drawing of potential Ferry terminal at Treasure Island, and housing above commercial in Miami's South Beach area. Roughly 250 acres of public open space, but this figure does not account for "private" open space such as residential gardens and backyards, there are examples of this in Chicago and Vancouver where waterfront public space is given prominence.

Ms. Cheng asked how residential parking near waterfront is situated
Ms. Auschuler stated that parking near water would be off-street as to allow buildings to come down towards the ground and still allow views of the water through the various streets, along with a reservoir lot behind buildings. This type of parking is only anticipated in housing areas close to water, as to keep water views visible. On Yerba Buena Island the parking would most likely be within the buildings, since the land "footprints" are somewhat limited.

Ms. Cheng asked how bike lanes are incorporated into Island and transportation planning
Ms. Auschuler stated some are incorporated within streets and some are through recreational areas and parks, depending whether it is a recreational or commuter bike lane.

Ms. Rosen stated she wants to keep the "1 for 1" parking ratio issue alive and stated that she believes there are ways to keep this ratio down and possibly use this ratio as a cap.

Mr. Green stated that the total number of parking spaces proposed is still quite a large number, and expressed his concern about the second largest space for parking is on-street parking. Many areas in San Francisco have parking that is used more for storage of vehicles than parking of active vehicles and he would like to see these stored vehicles off the streets on Treasure Island.

Mr. Elberling asked if streets planned for residential area are current street grid on Treasure Island, or if new street layout is envisioned. Also asked what dimensions are of large blocks on west side of the Island.
Ms. Auschuler stated that the street grid is a combination of the two, both current streets and some new ones that connect and also emphasize pedestrian activity in residential blocks. Also stated that the blocks on the west side are nowhere near the size of blocks South of Market, they are roughly "200 and some" feet wide and "about 400" feet long. This allows for parking garage in center of blocks to be non-visible from the street.

Mr. Elberling asked if there is a projection for the housing program population ranges of sub-groups such as seniors, teens, infants, living there. Stated that this would be helpful in terms of planning unit size and parking needs since Treasure Island has the potential to be very family friendly, more so than Mission Bay or a downtown development.
Mr. Wallace stated that they do not have these numbers right now but family housing is important to the plan and they are looking into this and will have better numbers at next meeting.

Mr. Kevin Conger of CMG spoke regarding open space issues surrounding the proposal. Several open space objectives: create a system of interconnected and well programmed open spaces, create a variety in program and scale of the open spaces, need for an overlay of history and meaning to incorporate into open space design, and sustainability of open spaces. Also several key components to open space program. The Golden Gate Park area, large wetland open space area, Serpentine Park that connects north and south sides

of Island and weaves together various neighborhoods and recreational spaces and activities. Recreation park in center of Island is key component, as is continuous shoreline access around perimeter of Island. Pedestrian oriented connectors lead across the Island connecting Cityside to East Bayside neighborhoods. Yerba Buena Island consists of series of improved access systems and habitat restorations. Exposition Park roughly the size of Civic Center Plaza, current chapel could easily stay in design in area. Proposed parks in various neighborhoods have character similar to neighborhood with various orientations. Proposal on Yerba Buena Island primarily for improved access and habitat restoration, with approximately 50 acres on Yerba Buena Island that are not part of Coast Guard property. Amazing range of opportunities on Yerba Buena Island, with a proposed one and a half miles of improved paths and bike paths and an additional two miles of improved trail systems linking through the Island. Nimitz gardens are approximately 2.8 acres planned. Storm water management a major part of sustainability plan, as is urban agriculture system.

Ms. Cheng asked when the commission would be able to see an overlay of the open space areas and the parking areas.
Ms. Auschuler stated that anywhere that is green in map of proposal will be an open space, not parking. White blocks for parking garages or dull gray blocks for outdoor lots indicate parking areas.

Mr. Green stated that it appears that much of what is indicated as green space is actually planting on a platform with parking underneath, and actually indicates more open space than is actually present. Also stated that he wanted people to remember that TICD is simply taking comments and questions and will answer them later, are not able to answer all questions posed right that moment.
Ms. Auschuler stated that many open spaces are located on raised platforms with parking below. Stated that is possible to create gracious and beautiful open space in those types of areas, examples of this seen at Mission Bay and Delancey Street, also indicated that these areas don't count towards the 247 acres as public open space, these are considered private green space.

Mr. Elberling asked what the assumptions are about maintenance and cost of maintenance of these open spaces and storm water system.

Ms. Rosen stated that she would like to see financial mechanism and how it affects affordable housing units, how the TIHDI economic and job development program would be incorporated into the maintenance program, and explain how they evaluated alternative solutions to problems and why they advocate the solution they do.

Ms. Cheng stated her concern for emergency planning and evacuation planning for Treasure Island due to its unique location. Asked that this type of planning be addressed in depth as well.

Mr. Green asked that TIDA staff be reminded of what questions were raised previously so that they could assure that these questions were answered and issues were not eventually overlooked.
Mr. Proud stated staff plans on memorializing comments from TIDA board, staff, general public meetings, State Lands Commission, BCDC, and other groups. Goal is to take all input from various places and put it into a comprehensive package to serve as a "road map" for development team.

Ms. Cheng asked if TIDA staff is still meeting with other City departments regarding the proposal.
Mr. Proud stated that they are still meeting with other City and State Departments. Hoping to put all information together for one large staff summary for October 9th meeting.

Mr. Elberling stated that wanting to make Treasure Island more family friendly demands a realistic look at parking needs

Mr. Green stated that he doesn't want parking to drive this proposal, but still need to find a "comfortable" place between parking and transit first policies. Would like to see more communication regarding planned parking/green space areas. Need to realize the constraints of living on an island.

Ms. Rosen stated the need to consider an urban neighborhood and urban transit neighborhood. Trying to find right balance and would like to see several two, three, and four bedroom units in housing area to incorporate variety of San Francisco families.

Public Comment:

Ms. Eve Bach from ARC Ecology stated she was heartened by comments and questions from Commissioners. Transportation system has to be integrated and not goal of people driving there and then using alternate transportation, need to encourage people to not bring cars to Island in the first place. Worried that much of what is considered a park is actually street landscaping.

Mr. Matt Starr with the Treasure Island Homeless Development Initiative stated that they are working on a written response from TIHDI to the redevelopment plan. Will address TIHDI's role in planning process as well as phasing plan for development and commitment to bringing units of different affordability on-line at the same time. Concerned about multiple demand on tax-increment revenue and where it will end up going, hope to make a demand for some of those funds.

Mr. Ted Milliken spoke regarding Treasure Island becoming a family neighborhood. Stated that because of Treasure Island's location it is a windy location and worried about children's' health problems that go along with windswept locations. Also encouraged alternate power and energy sources such as wind and solar power.

Mr. Steve Young stated that he would like to see more information about how seniors and senior services will be incorporated into housing and other plans for Treasure Island

Mr. John Behanne stated the need for distributed energy at a location such as Treasure Island that is a ways away from San Francisco

7-8. Ms. Cheng asked Commissioners to defer Closed Session Item #7 and asked if Commissioners were in agreement on that.

Mr. Green stated that public comment would still be allowed after this potential closed session

Mr. Cohen stated that both closed-session items could be called and it would be at the pleasure of the Commission how to allocate time spent on those two items.

Ms. Rosen moved to recess to closed session for items 7 and 8, Ms. Cheng seconded the motion.
Motion approved unanimously
Commission went to closed session at 3:40 p.m.

9-10. Commission returned to open session at 4:48 p.m.

Mr. Elberling moved to not disclose discussion during closed session, motion was seconded
Motion approved unanimously.

13. No future agenda items discussed

14. Meeting adjourned by Commissioner Fazande in memory of the events of September 11, 2001 and by Commissioner Cheng in memory of Maureen Conroy at 4:50 p.m.

Notes

Notes

SAN FRANCISCO BOARDSAILING ASSOCIATION
1592 UNION STREET, BOX 301 • SAN FRANCISCO, CALIFORNIA 94123

September 18, 2002

Stephen Proud, Director of Development
Treasure Island Development Authority
410 Avenue of Palms, Building 1, Treasure Island
San Francisco, CA 94130

Claudine Cheng, Chair
Treasure Island Development Authority
410 Avenue of Palms, Building 1, Treasure Island
San Francisco, CA 94130

Karen Knowles Pearce, Chair
The Treasure Island/Yerba Buena Island Citizens Advisory Board
410 Avenue of Palms, Building 1, Treasure Island
San Francisco, CA 94130

Re. Response to the Request for Proposals -
Treasure Island Community Development

Dear Sir/Madam,

I am writing on behalf of the members of the San Francisco Boardsailing Association. The SFBA is a 1,600-member non-profit organization that promotes public access and safety for the windsurfing and boardsailing community.

I have reviewed the Response to the Request for Proposals submitted by Treasure Island Community Development. The Response identifies two boardsailor launching areas that would be located on the northerly end of Treasure Island (see Figure 3 - Page 11). The launching areas identified in this conceptual plan are well situated to serve our community and would provide improved access to the waters of the Bay. Given the locations provided for and the developer's intention to provide sufficient parking, this element of the plan would satisfy key Draft Reuse Plan goals including:

- Emphasizing marine-related uses and creating areas for water-oriented recreational uses.
- Emphasizing uses that take advantage of Treasure Island's unique position in the center of the San Francisco Bay
- Pursuing uses that will enliven the water's edge and improve public access to the Bay.

SAN FRANCISCO BOARDSAILING ASSOCIATION
1592 UNION STREET, BOX 301 • SAN FRANCISCO, CALIFORNIA 94123

We are pleased that the plan maintains access at the currently used launch area and also provides for new access at the area that is most ideally situated. Because there are two launching areas proposed, we are hopeful that there will be an opportunity to phase construction so that one area or the other is usable at any given time in order to minimize construction impacts on access.

Because most of our members have a strong appreciation for the wildlife they encounter on the Bay and are very supportive of conservation and restoration projects, I expect that the creation of a wetlands area will also be appreciated. If the relatively large size of the proposed wetland is maintained, it will allow for some parts of the wetland to be more removed from human activity and improve the compatibility between human and wildlife use.

We intend to stay involved as the plan moves forward from the conceptual phase so that we can lend our expertise as it relates to windsurfing uses and facilities. We hope that we can help plan facilities that will incorporate creative solutions (e.g. at Crissy Field, the use of turf parking and rigging areas has worked well for windsurfers and other users while reducing the amount of paved areas required) and which will ultimately be attractive to all users of the shoreline.

Sincerely,

Peter Thorner
President, San Francisco Boardsailing Association

phone: (415) 454-3522 x 104
e-mail: thorner@sfba.org

Please send written responses to : Peter Thorner
143 Third Street
San Rafael, CA 94901

Cc: Joe LaClair, Bay Conservation & Development Commission
Gerald Green, San Francisco Planning Department
Ruth Gravanis, Treasure Island Wetlands Project
Mary Ann Conarroe, TIDA
Jay Wallace, Treasure Island Community Development
Save The Bay

TIHDI

Treasure Island Homeless Development Initiative

October 3, 2002

Claudine Cheng, President
Treasure Island Development Authority
410 Palm Ave., Bldg. 1
San Francisco, CA 94130

Dear President Cheng,

Enclosed please find TIHDI's bullet point comments regarding TICD's proposal. Overall, TIHDI is concerned that the proposal present a realistic affordable (with a range of affordable options) and inclusive housing program, coupled with a community and support service design that enhances and supports this housing program. After careful review of TICD's proposal by TIHDI and its members, TIHDI has some significant concerns that the proposal does not address. Specifically these are:

The replacement of TIHDI's current 218 units. The proposal does not address how these units would be replaced by TICD. As you and the other TIDA Commissioners well know, these units were renovated and supported by significant City & Federal resources and people who have struggled for very low income housing now have a place to call home. Offering a pad in place of these units is not sufficient in addressing the potential displacement of these residents.

Phasing & Timing of TIHDI & Other Affordable Units. The affordable housing options, including TIHDI's units, should be developed alongside the market rate and not at the end of the housing development.

Existing Housing Occupation. TIHDI's existing units should be phased out at same rate as market rate units and in conjunction with when the new replacement units are ready for occupancy. At no time should TIHDI's units be the only occupied units.

Community & Support Service Space. The proposal needs to address TIHDI residents needs for adequate support service space in its housing development and for overall community services space such as gyms and community centers.

We are hopeful that these comments & concerns will be taken into account in TICD's next draft of its proposal. Thank you and your fellow Commissioners for its consideration.

Sincerely,

Sherry Williams
Executive Director

Cc: Annemarie Conroy
Stephen Proud

410 Palm Ave., Bldg. 1, Room 166
Treasure Island, San Francisco, CA 94130
Tel: (415) 274-0311
Fax: (415) 274-0316

TIHDI Comments re TICD Development Proposal

TIHDI Goals

Housing & Services

Planning

- TIHDI participates in phasing of its units and identification of sites for replacement and new units from the beginning

- TIHDI needs to be part of overall housing design & development

Phasing

- Affordable housing, including some portion of homeless component (30% of AMI or less) is developed along side new market rate units, is not developed at end of market rate development

- If existing units remain for a longer period of time than is currently projected, an adequate number of the current John Stewart units would have to remain for an equal amount of time. At no time in development should the existing TIHDI units be the only occupied units but part of an overall housing leasing program.

Housing allocation

Recognizing the financial implications and constraints of the developer, TIHDI is willing to explore a possible reduction in its total number count in exchange for full replacement of TIHDI's existing units.

- This will be predicated on the following:

- Number of replacement units for existing households
- Adequate support for community & support service space
- Timing of build out for the new 71 units

Adequate support service space to support the total number of 30% AMI or less units would have to be determined

Provision for future development past 2800 units would have to be defined

Economic Development

Resources for economic development opportunities need to be identified

Employment

Specific language regarding any future lessee or contractor regarding labor projections and hiring plans needs to be included

Affordable Housing Component

TIHDI supports the development of a new San Francisco community that includes a range of housing options for people with a variety of income levels. To reach this goal, TIHDI suggests that the proposal:

- Needs to be consistent with other recent redevelopment plans such as Mission Bay.
- Should address 60% to 100% AMI in inclusionary, with 60% rentals and 40% ownership.
- "Agency" affordable housing should serve 30% to 60% of AMI.
- TIHDI is part of proposal & review process for "Agency" affordable housing component.

Notes

Notes

Notes

AGENDA ITEM

Treasure Island Development Authority

City and County of San Francisco

Agenda No: 7 **Meeting Date:** 10/09/02

Subject: Resolution authorizing the Authority to extend the term of three Master Leases (South Waterfront, Marina and Special Events Venues) with the United States Navy.

Staff Contact: Marianne Conarroe
(415) 274-0660

SUMMARY OF PROPOSED ACTION:

Staff requests the approval to extend the South Waterfront, the Marina, and the Events Venues Master Leases with the United States Navy for an additional one-year term.

BACKGROUND:

On September 4, 1998, the Treasure Island Development Authority, (the "Authority"), entered into Lease agreements with the United States Navy, (the "Navy") for the Marina Master Lease (Lease #N6247498RP00Q01), the Events Venue Master Lease, (Lease #N6247498RP00Q03), and the South Waterfront Lease, (Lease #N6247498RP00P99). On September 13, 2000, the Authority approved a two-year extension to the above mentioned leases.

The Marina Master Lease premises consist of Pier 2 and Building 496 as part of the Treasure Island Marina. Buildings 183 and 298 are not part of the Marina, but are included in the overall premises of the Master Lease. Building 183 is the Crossroads Café operated by Delancey Street Foundation and the Life Learning Academy, and Building 298 is currently operated by the Treasure Island Yacht Club.

The premises for the Event Venues Master Lease generally consists of the Casa de la Vista, Fogwatch, Nimitz Conference Center, the Library, soccer and rugby fields and the SF Little League Baseball Field on Treasure Island. On Yerba Buena Island, the premises include the Torpedo Factory and Admiral Nimitz House. While the Casa de la Vista is the most popular special event venue, all of the above mentioned facilities are available for the public to rent for weddings, small parties, and meetings, and help generate income for the Authority.

The South Waterfront Master Lease generally consists of the southern portion of Treasure Island and includes Buildings 1, 2, 3, and 180. Building 1 is the administration building for the Project Office as well as for Treasure Island Homeless Development Initiative, the John Stewart Company, the SF Police Department, SF Public Works, etc. Buildings 2 and 3 are used for special events and the film industry.

RECOMMENDATION

There hasn't been any change to the overall premises since the Authority approved the last extension in September 2000. It is the understanding from staff that the Navy does not want to extend the term of the master leases beyond one year in anticipation that portions of the property could be ready for transfer to the Authority within the next year or so. Staff recommends approval for the Authority to extend the term of the three master leases for one more year.

EXHIBITS

A Map of Leased Premises for the Marina Master Lease and copy of Fourth Amendment to Lease Agreement #N6247498RP00Q01 Between US Navy and TIDA

B Map of Leased Premises for the Event Venues Master Lease and copy of Eighth Amendment to Lease Agreement #N6247498RP00Q03 Between US Navy and TIDA

C Map of Leased Premises for the South Waterfront Area and copy of Eighth Amendment to Lease Agreement #N6247498RP00P99 Between US Navy and TIDA

[Master Lease Amendments]

AUTHORIZING AMENDMENTS TO THE MASTER LEASES BETWEEN THE TREASURE ISLAND DEVELOPMENT AUTHORITY AND THE UNITED STATES NAVY FOR THE MARINA, THE EVENT VENUES, AND THE SOUTH WATERFRONT AREA TO EXTEND THE TERM OF EACH MASTER LEASE UNTIL SEPTEMBER 3, 2003.

WHEREAS, the Treasure Island Development Authority, ("Authority") and the United States Navy, ("Navy"), entered into three separate master leases, each dated September 4, 1998, for the following areas: (1) South Waterfront Area, (2) Treasure Island Marina, and (3) the Event Venues; and

WHEREAS, each of the master leases enables the Authority to sublease portions of the each of the master leased areas for interim uses; and

WHEREAS, the area covered by the South Waterfront Master Lease is depicted on Exhibit A, attached; the area covered by the Treasure Island Marina is depicted on Exhibit B, attached; and the area covered by the Event Venues Master Lease is depicted on Exhibit C, attached; and

WHEREAS, the Authority and the Navy wish to amend the master leases for each of the areas depicted in Exhibits A, B, and C to extend the term of each master lease from September 3, 2002 to September 3, 2003, now therefore be it

RESOLVED, that Treasure Island Development Authority Board of Directors hereby authorizes the Executive Director to accept the amendments as proposed by

the Navy to extend the term for each of the master leases for (1) the South Waterfront Area, (2) the Treasure Island Marina, and (3) the Event Venues from September 3, 2002 to September 3, 2003.

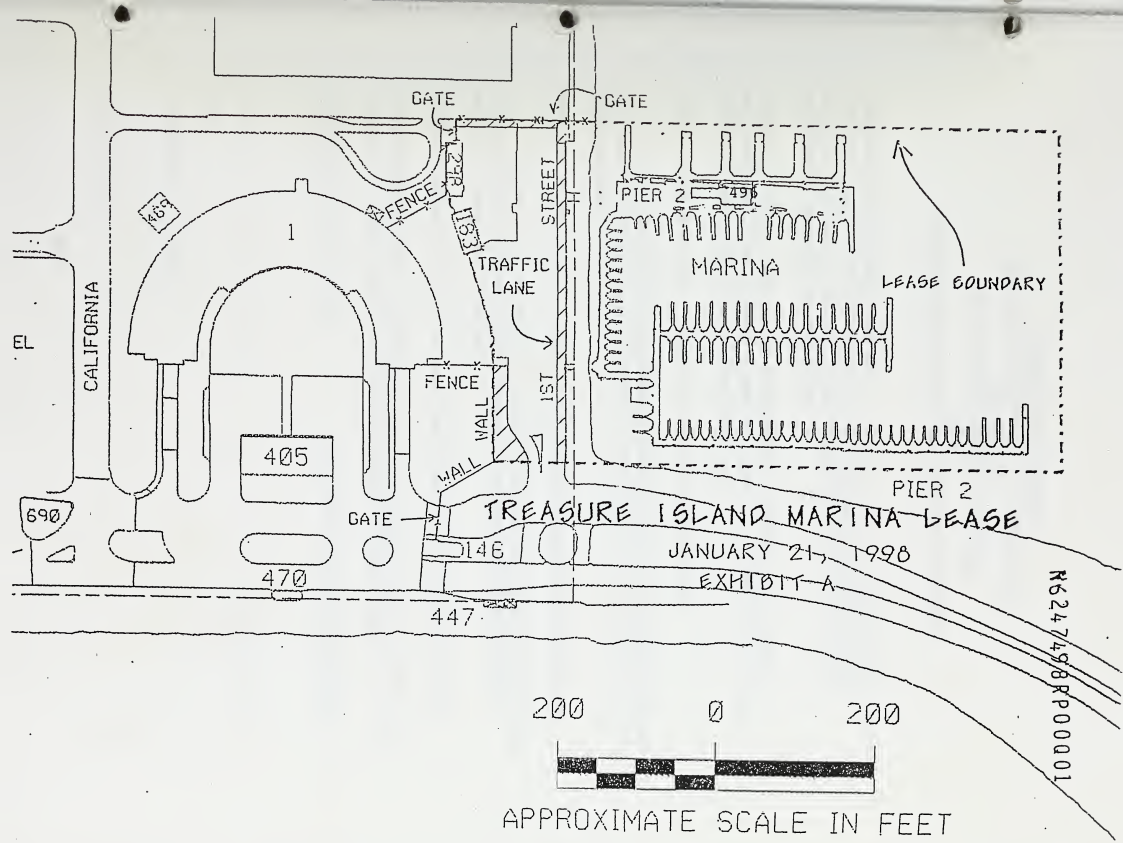
CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors at a properly noticed meeting on October 9, 2002.

_____

William Fazande, Secretary

EXHIBIT A


GATE
GATE
FENCE
1
TRAFFIC
LANE
STREET
1ST
PIER 2
496
MARINA
LEASE BOUNDARY
CALIFORNIA
EL
FENCE
WALL
WALL
405
690
GATE
146
470
447
PIER 2
TREASURE ISLAND MARINA LEASE
JANUARY 21, 1998
EXHIBIT A
R624498R00001
200
0
200
APPROXIMATE SCALE IN FEET

FOURTH AMENDMENT
TO LEASE AGREEMENT N6247498RP00Q01
BETWEEN
THE UNITED STATES OF AMERICA
AND
TREASURE ISLAND DEVELOPMENT AUTHORITY

THIS LEASE AMENDMENT made this _____day of_____2002, by and between the UNITED STATES OF AMERICA, acting by and through the Department of the Navy, hereinafter called the "Government", and the TREASURE ISLAND DEVELOPMENT AUTHORITY, hereinafter called the "Lessee";

WHEREAS, the parties hereto, as of 4 September 1998, entered into Lease Agreement N6247498RP00Q01 under the terms of which the Lessee uses certain real property for space located at the former Naval Station, Treasure Island; and

WHEREAS, the parties agree to amend the terms of the Lease Agreement.

NOW THEREFORE, in consideration of the terms, covenants and conditions hereinafter set forth; the following paragraph to Lease N6247498RP00Q01 is hereby amended to reflect the following change;

Paragraph 2. **Term,** delete in its entirety and the following paragraph is inserted therefore:

"The term of this Lease shall be for a period of five (5) years beginning on 4 September 1998 and ending on 3 September 2003, unless sooner terminated in accordance with the provisions of Paragraph 14, Termination."

All other terms and conditions of the Lease Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have, on the respective dates set forth above duly executed this amendment to the Lease as of the day and year first above written.

UNITED STATES OF AMERICA

_____

Title_____

TREASURE ISLAND DEVELOPMENT AUTHORITY

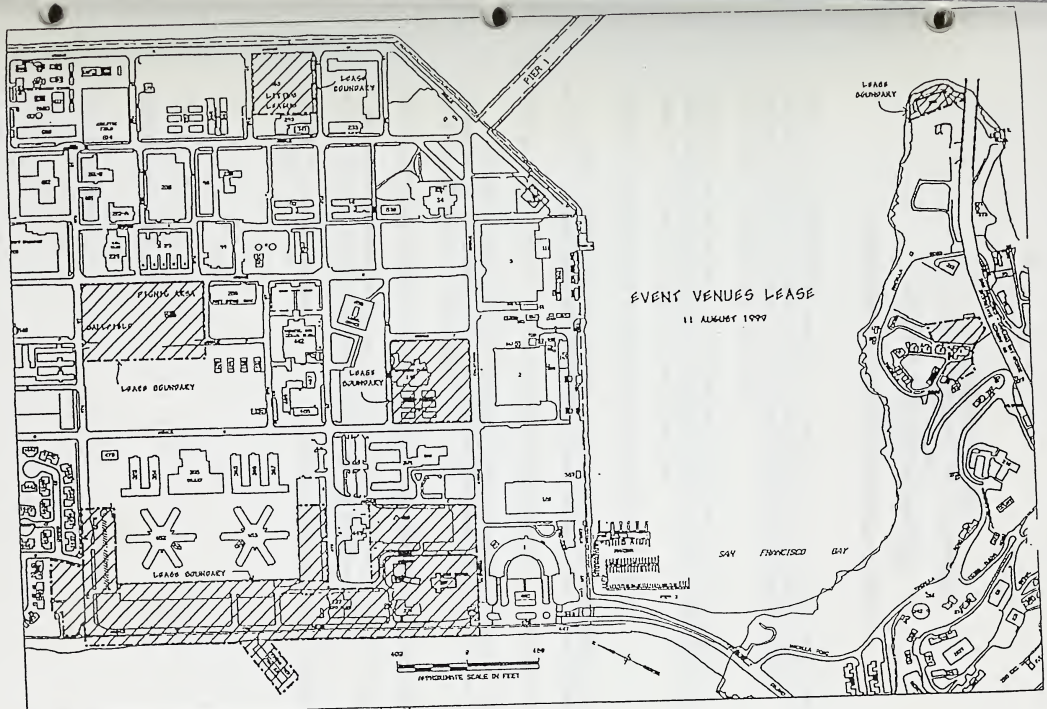
_____

Title_____

APPROVED AS TO FORM:

_____
CITY ATTORNEY

EXHIBIT B



E:\TI_BUILDINGS\EVENTS.DGN Aug. 12, 1999 02:20:42 Events Venue Lease: Event03.DGN

EIGHTH AMENDMENT
TO LEASE AGREEMENT N6247498RP00Q03
BETWEEN
THE UNITED STATES OF AMERICA
AND
TREASURE ISLAND DEVELOPMENT AUTHORITY

THIS LEASE AMENDMENT made this _____day of_____2002, by and between the UNITED STATES OF AMERICA, acting by and through the Department of the Navy, hereinafter called the "Government", and the TREASURE ISLAND DEVELOPMENT AUTHORITY, hereinafter called the "Lessee";

WHEREAS, the parties hereto, as of 4 September 1998, entered into Lease Agreement N6247498RP00Q03 under the terms of which the Lessee uses certain real property for space located at the former Naval Station, Treasure Island; and

WHEREAS, the parties agree to amend the terms of the Lease Agreement.

NOW THEREFORE, in consideration of the terms, covenants and conditions hereinafter set forth; Lease Agreement N6247498RP00Q03 is hereby amended to reflect the following;

Paragraph 2. **Term**, delete in its entirety and the following paragraph is inserted therefore:

"The term of this Lease shall be for a period of five (5) years beginning on 4 September 1998 and ending on 3 September 2002, unless sooner terminated in accordance with the provisions of Paragraph 14, Termination."

All other terms and conditions of the Lease Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have, on the respective dates set forth above duly executed this amendment to the Lease as of the day and year first above written.

UNITED STATES OF AMERICA

_____

Title_____

TREASURE ISLAND DEVELOPMENT AUTHORITY

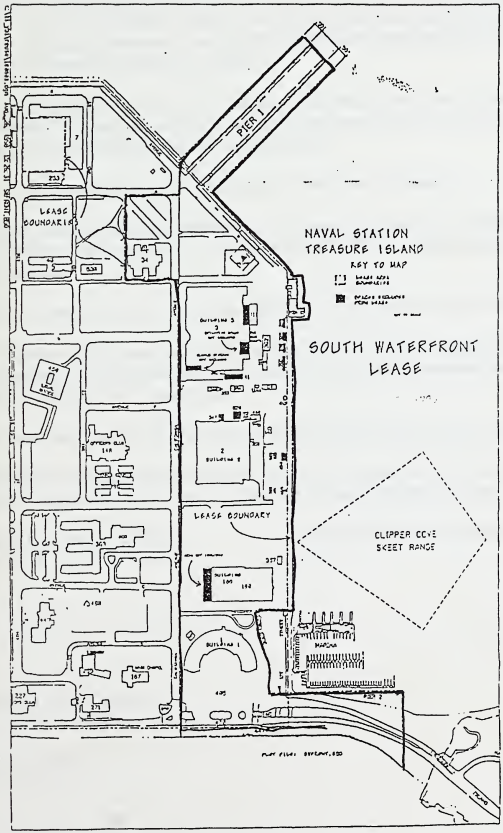
_____

Title_____

APPROVED AS TO FORM:

_____
CITY ATTORNEY

EXHIBIT C


PIER 1
NAVAL STATION
TREASURE ISLAND
KEY TO MAP
SOUTH WATERFRONT
LEASE
LEASE
BOUNDARIES
LEASE BOUNDARY
CLIPPER COVE
SKEET RANGE
BUILDING 1
MARINA

EIGHTH AMENDMENT
TO LEASE AGREEMENT N6247498RP00P99
BETWEEN
THE UNITED STATES OF AMERICA
AND
TREASURE ISLAND DEVELOPMENT AUTHORITY

THIS LEASE AMENDMENT made this _____day of_____2002, by and between the UNITED STATES OF AMERICA, acting by and through the Department of the Navy, hereinafter called the "Government", and the TREASURE ISLAND DEVELOPMENT AUTHORITY, hereinafter called the "Lessee";

WHEREAS, the parties hereto, as of 4 September 1998, entered into Lease Agreement N6247498RP00P99 under the terms of which the Lessee uses certain real property for space located at the former Naval Station, Treasure Island; and

WHEREAS, the parties agree to amend the terms of the Lease Agreement.

NOW THEREFORE, in consideration of the terms, covenants and conditions hereinafter set forth; the following paragraph to Lease N6247498RP00P99 is hereby amended to reflect the following change;

Paragraph 2. **Term**, delete in its entirety and the following paragraph is inserted therefore:

"The term of this Lease shall be for a period of five (5) years beginning on 4 September 1998 and ending on 3 September 2003, unless sooner terminated in accordance with the provisions of Paragraph 14, Termination."

All other terms and conditions of the Lease Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have, on the respective dates set forth above duly executed this amendment to the Lease as of the day and year first above written.

UNITED STATES OF AMERICA

_____

Title_____

TREASURE ISLAND DEVELOPMENT AUTHORITY

_____

Title_____

APPROVED AS TO FORM:

_____
CITY ATTORNEY

Notes

AGENDA ITEM

Treasure Island Development Authority
City and County of San Francisco

Agenda No: 8 **Meeting Date:** 10/09/02

Subject: Resolution authorizing the fourth extension of a Use Permit for an additional six months with California Engineering Contractors/Modern Continental for use of Pier 1.

Contact Person/Phone: Marianne Conarroe
(415) 274-0660

SUMMARY OF PROPOSED ACTION:
Staff seeks the authorization for the extension of a six-month Use Permit with California Engineering Contractors/Modern Continental for use of Pier 1.

BACKGROUND:
On April 10, 2002, the Authority approved the third extension of a six-month Use Permit to California Engineering Contractors/Modern Continental, (CEC). CEC uses a portion of Pier 1 for transporting workers to and from the western span of the San Francisco/Oakland Bay Bridge. This is the fourth extension for the use of Pier 1. (Exhibit A). The term of this extension expires on March 12, 2003.

As part of the retrofit project on the western span of the Bay Bridge, California Engineering Contractors/Modern Continental expressed the need to use Pier 1 in order to transport a work crew of approximately 20 people, in a timely fashion. Past practice had been driving the crew from Treasure Island, across the Bay Bridge to Pier 50 on the City's southern waterfront. Using a tug boat, the crew was then transported half way across the Bay to the lower western span of the bridge for work being done close to the water on the anchors and pilings of the bridge. CEC offices and construction lay-down space is currently located on Treasure Island. By initiating water transport from Pier 1 on Treasure Island's southeastern shore rather than Pier 50, CEC saves a significant amount of time in reaching its construction destination.

California Engineering Contractors/Modern Continental pays the Authority $6,000.00 for the six-month term of the Use Permit, whether they use the portion of Pier 1 on a daily or occasional basis.

All parking of the crew vehicles are off the Pier in an adjacent lot.

RECOMMENDATION
Since the areas CEC uses does not impact any other activity on Pier 1, staff recommends that the Authority authorize the six month extension.

FILE NO. _____ RESOLUTION NO. _____

[California Engineering Contractors/Modern Continental Use Permit]

AUTHORIZING THE EXTENSION OF A SIX MONTH USE PERMIT WITH CALIFORNIA ENGINEERING CONTRACTORS/MODERN CONTINENTAL.

WHEREAS, On May 2, 1997, the Board of Supervisors (the "Board") passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of former Naval Station Treasure Island (the "Base") for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; and,

WHEREAS, Under the Treasure Island Conversion Act of 1997, (the "Act"), the California legislature (i) designated the Authority as a redevelopment agency under California redevelopment law with authority over the Base upon approval of the City's Board of Supervisors, and, (ii) with respect to those portions of the Base which are subject to the Tidelands Trust, vested in the Authority the authority to administer the public trust for commerce, navigation and fisheries as to such property; and,

WHEREAS, The Authority has received an expressed interest from California Engineering Contractors/Modern Continental ("the Permittee") to use the southern inside portion of Pier 1 on Treasure Island for the purpose as a landing site for water transport of bridge crew to its construction destination on the anchors and pilings, and for possible loading and unloading of equipment related to the retrofit construction of the western span of the San Francisco Bay Bridge; and,

WHEREAS, the Authority and Permittee first entered into a six-month Use Permit dated September 29, 2000 (the "Permit") pursuant to which the Authority conferred to Permittee, a personal, non-exclusive and non-possessory privilege to enter upon and use an area (the "Licensed Area") consisting of approximately 50 square feet of space along the edge of Pier 1, and approximately 500 square feet of space adjacent to the Pier for the sole purpose of parking vehicles off of the Pier; and

WHEREAS, the Authority has extended the use of Pier 1 to the permitee three times before, making this extension the fourth extension; and

WHEREAS, the Authority is willing to extend the term of the Permit to not exceed six months with out prior approval of the Board of Directors; now therefore, be it

RESOLVED, That the Board of Directors hereby authorizes the Executive Director to extend the term of the Permit for an additional six months in substantially the form attached as Exhibit A.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting Secretary of the Treasure Island Development Authority, a California nonprofit benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting October 9, 2002.

_____

William Fazande, Secretary

USE PERMIT

THIS USE PERMIT (this "Permit") dated for reference purposes only as of September 12, 2002, is made by and between the TREASURE ISLAND DEVELOPMENT AUTHORITY ("Authority") and CALIFORNIA ENGINEERING CONTRACTORS/MODERN CONTINENTAL, INC. (Permittee").

RECITALS

WHEREAS, pursuant to that certain Lease for the South Waterfront Area, Naval Station Treasure Island, dated September 4, 1998, as amended (the "Master Lease"), by and between the Authority and the Department of Navy (the "Navy"), a copy of which is attached hereto as Exhibit A, the Authority has the right to use those portions of Pier 1, located on Naval Station Treasure Island hereto (the "Premises"); and

WHEREAS, Permittee seeks to use portions of Pier 1 of the Premises for the purposes stated herein, subject to the terms and conditions of this Permit.

NOW THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, Authority and Permittee agree as follows:

1. **License**. Authority confers to Permittee a, personal, non-exclusive and non-possessory privilege to enter upon and use Pier 1 as depicted in Exhibit B, attached (hereafter referred to as, the "License Area"), for the limited purpose and subject to the terms, conditions and restrictions set forth below. The privilege given to Permittee under this Permit is effective only insofar as the rights of Authority in the License Area are concerned, and Permittee shall obtain any further permission necessary because of any other existing rights affecting the License Area, or any portion thereof.

In recognition of the non-exclusive nature of this Permit, Permittee acknowledges and agrees that if Authority needs access to the License Area for a specific purpose or otherwise, Permittee shall temporarily relocate at no cost to the Authority any vessel berthed at, in, or around the License Area to accommodate such use by the Authority upon 24 hours advance notice. Permittee further agrees that in the event of any emergency, Authority and its agents and employees shall be authorized to move any vessel berthed at the License Area, without liability to Authority or its agents or employees for damages or loss of any kind, except for any damage or loss occurring as a result of the willful misconduct of Authority or its agents or employees.

2. **Inspection of License Area**. Permittee represents and warrants that Permittee has conducted a thorough and diligent inspection and investigation, either independently or through its officers, directors, employees, agents, affiliates, subsidiaries, licensees and contractors, and their respective heirs, legal representatives, successors and assigns, and each of them, ("Permittee's Agents") of the License Area and the suitability of the License Area for Permittee's intended use. Permittee is fully aware of the needs of its operations and has determined, based solely on its own investigation, that the License Area is suitable for its operations and intended uses.

3. **As Is; Disclaimer of Representations**. Permittee acknowledges and agrees that the License Area is being licensed and accepted in their "AS IS, WITH ALL FAULTS" condition, without representation or warranty of any kind, and subject to all applicable laws, statutes, ordinances, resolutions, regulations, proclamations, orders or decrees of any municipal, county, state or federal government or other governmental or regulatory authority with jurisdiction over the Premises (including the License Area), or any portion thereof, whether currently in effect or adopted in the future and whether or not in the contemplation of the Parties ("Laws") governing the use, occupancy, management, operation and possession of the Premises (including the License Area). Without limiting the foregoing, this Permit is made subject to any and all covenants, conditions, restrictions, easements and other title matters affecting the Premises (including the License Area), or any portion thereof, whether or not of record. Permittee acknowledges and agrees that neither Authority nor any of its officers, directors, employees, agents, affiliates, subsidiaries, licensees and contractors , and their respective heirs, legal representatives, successors and assigns ("Authority's Agents") have made, and Authority hereby disclaims, any representations or warranties, express or implied, concerning (i) title or survey matters affecting the Premises (including the License Area), (ii) the physical, geological, seismological or environmental condition of the Premises (including the License Area), (iii) the existence of, quality, nature or adequacy of any utilities or maritime services serving the Premises (including the License Area), (iv) the feasibility, cost or legality of constructing any Alterations on the Premises (including the License Area) if required for Permittee's use and permitted under this Permit, (v) the safety of the Premises (including the License Area and any floats, walkways, docks, slips or equipment in the License Area), whether for the use of Permittee or any other person, including Permittee's Agents or Permittee's clients, customers, vendors, invitees, guests, members, licensees, assignees or Permittees ("Permittee's Invitees"), or (vi) any other matter whatsoever relating to the Premises (including the License Area) or their use, including, without limitation, any implied warranties of MERCHANTABILITY or FITNESS FOR A PARTICULAR PURPOSE.

4. **Seismic Report.** Without limiting Section 3 above, Permittee expressly acknowledges for itself and Permittee's Agents that it received and read that certain report dated August 1995, entitled "*Treasure Island Reuse Plan: Physical Characteristics, Building and Infrastructure Conditions,*" prepared for the Office of Military Base Conversion, Department of City Planning, and the Redevelopment Agency of the City and County of San Francisco, (the "Seismic Report"), a copy of the cover page of which is attached hereto as Exhibit C. Permittee has had an adequate opportunity to review the Seismic Report with expert consultants of its own choosing. The Seismic Report, among other matters, describes the conditions of the soils on Treasure Island and points out that in the area of the Premises where the License Area is located, an earthquake of magnitude 7 or greater is likely to cause the ground under and around the Premises (including the License Area) to spread laterally to a distance of ten (10) or more feet and/or result in other risks. In that event, there is a significant risk that buildings and any other structures or improvements located on or about the Premises (including the License Area) may fail structurally and collapse.

5. **Use of License Area**. Permittee may enter and use Pier 1 for the sole purpose of accessing a water taxi ferry landing for employees of Permittee. Upon providing the Authority 24 hour prior written notice, Permittee may use the Licensed area for the purpose of loading and

unloading equipment. Additional provisions for Permitted Uses is further defined in Exhibit D, Permitted Uses. No sale or consumption of alcoholic beverages shall be permitted.

(a) **Maintenance and Repairs.** Permittee shall at all times during the term of this Permit and at its sole cost and expense, maintain and repair in good and working order, condition and repair the License Area. Authority shall not be obligated to make any repairs, replacement or renewals of any kind, nature or description whatsoever to the License Area nor to any improvements or alterations now or hereafter located thereon. In the event the Permittee, its Agents or Invitees cause any damage (excepting ordinary wear and tear) to the License Area, Authority may repair the same at Permittee's expense and Permittee shall immediately reimburse Authority therefor.

(b) **Liens.** Permittee shall keep the License Area free from any liens arising out of any work performed, materials furnished or obligations incurred by Permittee or its Agents. In the event that Permittee shall not, within twenty (20) days following the imposition of any such lien, cause the same to be released of record, Authority shall have, in addition to all other remedies provided by this Permit or by Law, the right but not the obligation to cause the same to be released by such means as it shall deem proper, including without limitation, payment of the claim giving rise to such lien. All sums paid by Authority for such purpose and all reasonable expenses incurred by Authority in connection therewith shall be payable to Authority by Permittee within thirty (30) days following written demand by Authority.

6. **Restrictions on Use**. Permittee agrees that, by way of example only and without limitation, the following uses of the License Area by Permittee, or any other person claiming by or through Permittee, are inconsistent with the limited purpose of this Permit and are strictly prohibited as provided below:

(a) **Hazardous Material**. Permittee shall not cause, nor shall Permittee allow any of its Agents or Invitees (as such terms are defined below) to cause, any Hazardous Material (as defined below) to be brought upon, kept, used, stored, generated or disposed of in, on or about the License Area, or transported to or from the License Area without the prior written consent of Authority. Permittee shall immediately notify Authority when Permittee learns of, or has reason to believe that, a release of Hazardous Material has occurred in, on or about the License Area. Permittee shall further comply with all laws requiring notice of such releases or threatened releases to governmental agencies, and shall take all action necessary to mitigate the release or minimize the spread of contamination. In the event that Permittee or its Agents or Invitees cause a release of Hazardous Material, Permittee shall, without cost to Authority and in accordance with all laws and regulations, return the License Area to the condition immediately prior to the release. In connection therewith, Permittee shall afford Authority a full opportunity to participate in any discussion with governmental agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree or other compromise proceeding involving Hazardous Material. For purposes hereof, "**Hazardous Material**" means material that, because of its quantity, concentration or physical or chemical characteristics, is at any time now or hereafter deemed by any federal, state or local governmental authority to pose a present or potential hazard to public health, welfare or the environment. Hazardous Material includes, without limitation, any material or substance defined as a "hazardous substance, pollutant or contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sections 9601 et seq., or pursuant to Section 25316

of the California Health & Safety Code; a "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the License Area or are naturally occurring substances in the License Area, and any petroleum, including, without limitation, crude oil or any fraction thereof, natural gas or natural gas liquids. The term "**release**" or "**threatened release**" when used with respect to Hazardous Material shall include any actual or imminent spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing in, on, under or about the License Area.

(b) **Nuisances**. Permittee shall not conduct any activities on or about the License Area that constitute waste, nuisance or unreasonable annoyance (including, without limitation, emission of objectionable odors, noises or lights) to Authority, to the owners or occupants of neighboring property or to the public.

(c) **Damage**. Permittee shall not do anything about the License Area that could cause damage to the License Area or any Authority property. Authority hereby acknowledges that construction of the Permitted Improvements (as defined below) shall not constitute "damage" to the License Area under this Section 6(c).

(d) **Parking**. Parking of any vehicles on Pier 1 is prohibited except for the sole purpose of loading and unloading of passengers and equipment. Parking of vehicles shall not exceed more than 25 (Twenty Five) vehicles and is available off of the Pier next to the entrance gate. To the extent practicable, Permittee shall use its best efforts to encourage ride-sharing, the use of shuttle busses or other pooled-means of transportation to and from the License Area.

(e) **Utilities and Services.**

(i) Utilities. Permittee shall pay all charges for the use of said electricity and water and sewer hook ups and services.

(ii) Services. Permittee shall make arrangements and shall pay all charges for all services to be furnished on, in or to the License Area or to be used by Permittee, including without limitation, garbage and trash collection, janitorial service and extermination service (if any).

7. **Alterations and Improvements**. Except as otherwise expressly provided herein, Permittee shall not construct or place any temporary or permanent structures or improvements in, on, under or about the License Area, nor shall Permittee make any alterations or additions to any of existing structures or improvements on the License Area, unless Permittee first obtains Authority's prior written consent, which Authority may give or withhold in its sole and absolute discretion.

(a) All alterations and improvements shall be constructed in a good and workmanlike manner and in compliance with all applicable building, zoning and other applicable laws, and in compliance with the terms of and the conditions imposed by any authorization, approval or permit by any governmental agency having jurisdiction over the License Area, including but not limited to the Bay Conservation and Development Commission ("BCDC").

(b) All alterations and improvements shall be performed with reasonable dispatch, delays beyond the reasonable control of Permittee excepted.

(c) All alterations or improvements to the License Area made by or on behalf of Permittee which may not be removed without substantial injury to the License Area shall become part of the realty, shall be owned by the Authority and shall, on the termination of this Permit, remain on the License Area without compensation to Permittee, unless the Authority first waives its right to the alterations or improvements in writing. All other alterations or improvements to the License Area shall be the property of Permittee.

(d) Except as otherwise stated above, Permittee shall be obligated at its own expense to remove and relocate or demolish and remove (as Permittee may choose) any or all alterations or improvements which Permittee has made to the License Area, including without limitation all telephone wiring and equipment installed by Permittee. Permittee shall repair, at its own expense, in good workmanlike fashion any damage occasioned thereby.

(e) If Permittee constructs any alterations or improvements to the License Area without Authority's prior written consent or without complying with subsections 7(a) and 7(b) above, then, in addition to any other remedy available to the Authority, Authority may require Permittee to remove, at Permittee's expense, any or all such alterations or improvements and to repair, at Permittee's expense and in good workmanlike fashion, any damage occasioned thereby. Permittee shall pay to Authority all special inspection fees as set forth in the San Francisco Building Code for inspection of work performed without required permits.

8. **Term of Permit**. The privilege conferred to Permittee pursuant to this Permit shall begin at 6:00 a.m. on Thursday, September 12, 2002 to access Pier 1 and shall automatically expire at 6:00 p.m. on Monday, March 10, 2003, unless extended by resolution adopted by the Board of Directors of the Authority. Moreover, if the South Waterfront Lease terminates for any reason whatsoever, this Permit shall automatically terminate.

9. **Compliance with Laws**. Permittee shall, at its expense, conduct and cause to be conducted all activities on the License Area allowed hereunder in a safe and reasonable manner and in compliance with all laws, regulations, ordinances and orders of any governmental or other regulatory entity (including, without limitation, the Americans with Disabilities Act) whether presently in effect or subsequently adopted and whether or not in the contemplation of the parties. Permittee shall, at its sole expense, procure and maintain in force at all times during its use of the License Area any and all business and other licenses or approvals necessary to conduct the activities allowed hereunder. Permittee understands and agrees that Authority is entering into this Permit in its capacity as a property owner with a proprietary interest in the License Area and not as a regulatory agency with police powers. Permittee further understands and agrees that no approval by Authority for purposes of this Permit shall be deemed to constitute approval of any federal, state, City or other local regulatory authority with jurisdiction, and nothing herein shall limit Permittee's obligation to obtain all such regulatory approvals at Permittee's sole cost or limit in any way Authority's exercise of its police powers. Without limiting the foregoing, before

beginning any work in the License Area, Permittee shall obtain any and all permits, licenses and approvals (collectively, "approvals") of all regulatory agencies and other third parties that are required to commence and complete the Permitted Improvements.

10. **Surrender**. Upon the expiration of this Permit, Permittee shall surrender the License Area in the same condition as received, free from hazards and clear of all debris, except as otherwise provided herein. At such time, Permittee shall remove all of its property from the License Area, and shall repair, at its cost, any damage to the License Area caused by such removal. Permittee's obligations under this Section shall survive any termination of this Permit.

11. **Security**. Should the Permittee determine that security is needed, Permittee shall arrange for the provision of additional security for the License Area, on terms and conditions reasonably satisfactory to Authority.

12. Release and Waiver of Claims; Indemnification

12.1 **Release and Waiver of Claims**. Permittee, on behalf of itself and Permittee's Agents, covenants and agrees that the Authority shall not be responsible for or liable to Permittee for, and, to the fullest extent allowed by any Laws, Permittee hereby waives all rights against the Authority and releases them from, any and all claims, demands, losses, liabilities, damages, liens, injuries, penalties, fines, lawsuits and other proceedings, judgments and awards and costs and expenses, including, without limitation, reasonable attorneys' and consultants' fees and costs ("Losses"), including, but not limited to, incidental and consequential damages, relating to any injury, accident or death of any person or loss or damage to any property, in or about the License Area, during the term hereof, from any cause whatsoever, including without limitation, partial or complete collapse of the buildings or other improvements thereon due to an earthquake or subsidence, except only to the extent such Losses are caused exclusively by the negligence or willful misconduct of the Authority (except as provided in Section 12.1(a) below). Without limiting the generality of the foregoing:

(a) Without limiting any other waiver contained herein, Permittee on behalf of itself and its successors and assigns, hereby waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Authority from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way be connected with the Authority's decision to allow Permittee to use the License Area, regardless of whether or not such decision is or may be determined to be an act of gross negligence or willful misconduct of the Authority.

(b) Permittee covenants and agrees never to file, commence, prosecute or cause to be filed, commenced or prosecuted against the Authority any claim, action or proceeding based upon any claims, demands, causes of action, obligations, damages, losses, costs, expenses or liabilities of any nature whatsoever encompassed by the waivers and releases set forth in this Section 12.1.

(c) In executing these waivers and releases, Permittee has not relied upon any representation or statement other than as expressly set forth herein.

(d) Permittee has made such investigation of the facts pertaining to these waivers and releases as it deems necessary and assumes the risk of mistake with respect to such facts. These waivers and releases are intended to be final and binding on Permittee regardless of any claims of mistake.

(e) In connection with the foregoing releases, Permittee acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads:

> **A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.**

12.2 Permittee acknowledges that the releases contained herein includes all known and unknown, disclosed and undisclosed, and anticipated and unanticipated claims. Permittee realizes and acknowledges that it has agreed upon this Permit in light of this realization and, being fully aware of this situation, it nevertheless intends to waive the benefit of Civil Code Section 1542, or any statute or other similar law now or later in effect. The waivers and releases contained herein shall survive any termination of this Permit.

12.3 **Permittee's Indemnity**. Permittee, on behalf of itself and Permittee's Agents, shall indemnify, protect, defend and hold harmless forever ('Indemnify") the Authority from and against any and all Losses, expressly including but not limited to, any Losses arising out of a partial or complete collapse of any building located on the License Area due to an earthquake or subsidence, incurred in connection with or arising directly or indirectly, in whole or in part, out of: (a) any damage to or destruction of any property owned by or in the custody of Permittee or Permittee's Agents or Permittee's Invitees, (b) any accident, injury to or death of a person, including, without limitation, Permittee's Agents and Permittee's Invitees, howsoever or by whomsoever caused, occurring in, on or about the License Area during the term hereof (c) any default by Permittee in the observation or performance of any of the terms, covenants or conditions of this Permit to be observed or performed on Permittee's part; (d) the use, occupancy, conduct or management, or manner of use, occupancy, conduct or management by Permittee, Permittee's Agents or Permittee's Invitees or any person or entity claiming through or under any of them, of the License Area or any Alterations; (e) the condition of the License Area, (f) any construction or other work undertaken by Permittee on or about the License Area whether before or during the Term of this Permit; or (g) any acts, omissions or negligence of Permittee, Permittee's Agents or Permittee's Invitees, or of any trespassers, in, on or about the License Area during the term hereof or any alterations; except to the extent that such Indemnity is void or otherwise unenforceable under any applicable Laws in effect on or validly retroactive to the date of this Permit and further except only to the extent such Losses are caused by the negligence or intentional wrongful acts and omissions of the Authority. Notwithstanding the foregoing, Permittee's obligations to indemnify the Authority under this Section 12.3 shall remain in full force and effect regardless of whether or not the Authority' decision to permit the License Area to the Permittee, given the seismic condition of the property, is or may be determined to be an act of gross negligence or willful misconduct of the Authority. The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and Authority's costs of investigating any Loss. Permittee specifically acknowledges and agrees that it has an immediate and independent obligation to defend Authority from any claim

which actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Permittee by Authority and continues at all times thereafter. Permittee's obligations under this Section shall survive the expiration or sooner termination of this Permit. Notwithstanding anything contained herein, to the extent such Losses are not covered by insurance required herein and subject to this Section 12.3, Permittee shall have no obligation to repair, restore or reconstruct the License Area (or to pay for the same) in the event the License Area is damaged or destroyed by an earthquake or subsidence or by any other uninsured casualty.

13. INSURANCE

13.1 Permittee's Insurance. Permittee shall procure and maintain throughout the Term of this Permit and pay the cost thereof the following insurance:

(a). Permittee shall at all times, at its cost, also maintain insurance for the mutual benefit of Authority and Permittee against:

(i) Claims for personal injury under a policy of commercial general liability insurance with limits not less than $10,000,000 each occurrence Combined Single Limit for Bodily Injury and property Damage, including coverages for Contractual Liability, personal Injury, Liquor Liability, Products and Completed Operations , covering, including without limitation, claims for bodily injury , property damage or employer's liability occurring in or upon the License Area arising from earthquakes or subsidence. Such insurance shall provide coverage at least as broad as provided under Insurance Service Form Number CG-00-01-11-88.

(ii) Worker's compensation insurance with employer's liability insurance covering all persons employed and with respect to whom death or bodily injury claims could be asserted against Authority, Permittee, the License Area or any other Authority property, in an amount not less than $1,000,000 each accident.

(iii) Automobile liability insurance with limits not less than $1,000,000 each occurrence combined single limit for bodily injury and property damage, including owned and non-owned and hired vehicles, if Permittee uses automobiles in connection with its use of the License Area. Such insurance shall provide coverage at least as broad as provided under Insurance Service Form Number CA-00-01-06-92.

(iv) Protection and Indemnity insurance, with limits not less than $1,000,000 each occurrence, including coverage for injury or damage to other parties or their property, arising from the operation of any Vessels under this Permit, and including coverage for illness, injury or death of the master or members of the crew, with any deductible not to exceed $10,000 each occurrence.

(v) Water Pollution Liability insurance, with limits not less than One Million Dollars ($1,000,000) each occurrence and any deductible not to exceed $5,000 each occurrence.

(vi) Coverage for Jones Act benefits and U.S. Longshore and Harbor Workers' Act benefits, each in form and amount acceptable to Authority.

13.2 **General Requirements**. All insurance provided for under this Permit shall be effected under valid enforceable policies issued by insurers of recognized responsibility and reasonably approved by Authority.

(a) Should any of the required insurance be provided under a claims-made form, Permittee shall maintain such coverage continuously throughout the term hereof and, without lapse, for a period of one (1) year beyond the expiration or termination of this Permit, to the effect that, should occurrences during the Term give rise to claims made after expiration or termination of this Permit, such claims shall be covered by such claims-made policies.

(b) Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general aggregate limit shall double the occurrence or claims limits specified above.

(c) All liability insurance policies shall be endorsed to provide the following:

(i) Cover Permittee as the insured and the Authority as an additional insured.

(ii) That such policies are primary insurance to any other insurance available to the additional insureds, with respect to any claims arising out of this Permit, and that insurance applies separately to each insured against whom claim is made or suit is brought. Such policies shall also provide for severability of interests and that an act or omission of one of the named insureds which would void or otherwise reduce coverage shall not reduce or void the coverage as to any insured, and shall afford coverage for all claims based on acts, omissions, injury or damage which occurred or arose (or the onset of which occurred or arose) in whole or in part during the policy period.

13.3 **Proof of Insurance**. Permittee shall deliver to Authority certificates of insurance in form and with insurers satisfactory to Authority, evidencing the coverage required hereunder, on or before the commencement date of this Permit, together with complete copies of the policies promptly upon Authority's request As to the insurance required pursuant to Section 13.1(a)(1) above, such certificate shall state, among other things, that such insurance coverage includes and shall cover Permittee's indemnity obligations under Section 12.3 above. In the event Permittee shall fail to procure such insurance, or to deliver such policies or certificates, Authority may, at its option, procure the same for the account of Permittee, and the cost thereof shall be paid to Authority within five (5) days after delivery to Permittee of bills therefor.

13.4 **No Limitation on Indemnities**. Permittee's compliance with the provisions of this Section shall in no way relieve or decrease Permittee's indemnification obligations herein or any of Permittee's other obligations or liabilities under this Permit.

13.5 **Lapse of Insurance**. Authority may elect in Authority's sole and absolute discretion to terminate this Permit upon the lapse of any required insurance coverage by written notice to Permittee.

13.6 **Permittee's Personal Property**. Permittee shall be responsible, at its expense, for separately insuring Permittee's Personal Property.

13.7 **Waiver of Subrogation**. Notwithstanding anything to the contrary contained herein, to the extent permitted by their respective policies of insurance, Authority and Permittee each hereby waive any right of recovery against the other party and against any other party maintaining a policy of insurance covering the License Area and their contents, or any portion thereof, for any loss or damage maintained by such other party with respect to the License Area, or any portion thereof or the contents of the same or any operation therein, whether or not such loss is caused by the fault or negligence of such other party. If any policy of insurance relating to the License Area carried by Permittee does not permit the foregoing waiver or if the coverage under any such policy would be invalidated due to such waiver, Permittee shall obtain, if possible, from the insurer under such policy a waiver of all rights of subrogation the insurer might have against Authority or any other party maintaining a policy of insurance covering the same loss, in connection with any claim, loss or damage covered by such policy.

14. **No Assignment**. This Permit is personal to Permittee and shall not be assigned, conveyed or otherwise transferred by Permittee under any circumstances. Any attempt to assign this Permit shall be void.

15. **Parties and their Agents and Invitees; Approvals.** As used herein, the term "Agents" when used with respect to either party shall include the agents, employees, officers and contractors of such party. The term "Invitees" when used with respect to either party shall mean any person entering the Premises or the License Area with Permittee's express or implied permission. All approvals, consents or other determinations permitted or required by Authority hereunder shall be made by or through the Authority's Executive Director or her authorized designee.

16. **MacBride Principles - Northern Ireland**. The City and County of San Francisco urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, et seq. The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Permittee acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

17. **Non-Discrimination**. Permittee shall not, in the operation and use of the License Area, discriminate against any person or group of persons solely because of race, color, creed, national origin, ancestry, age, sex, sexual orientation, gender identity, disability or acquired immune deficiency syndrome (AIDS) or AIDS related condition (ARC). The provisions of Chapters 12B and 12C of the San Francisco Administrative Code, relating to nondiscrimination by parties contracting with the City and County of San Francisco, are incorporated herein by reference and made a part hereof as though fully set forth herein. Permittee agrees to comply with all of the

provisions of such Chapters 12B and 12C that apply to parties contracting with the City and County of San Francisco.

18. **Tropical Hardwoods and Virgin Redwood**. The City and County of San Francisco urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood product, virgin redwood or virgin redwood wood product.

19. **No Tobacco Advertising**. Permittee acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on any real property owned by or under the control of the Authority, including the property which is the subject of this Permit. This prohibition includes the placement of the name of a company producing, selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This prohibition does not apply to any advertisement sponsored by a state, local or nonprofit entity designed to communicate the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking.

20. **Maritime Liens**. By execution of this Permit, Permittee acknowledges and agrees that pursuant to Harbors and Navigation Code Sections 491, 501, the Federal Maritime Lien Act (46 U.S.C. Sections 971-975) and by the terms of this Permit, Authority shall have a lien on any and all vessels berthed at the License Area for money which may become due under this Permit. As provided in the foregoing statutes, Authority shall have the right to take possession and control of any such vessel and remove and store the vessel for the purpose of perfecting and executing upon Authority's lien rights in the vessel.

21. **General Provisions**. **(a)** This Permit may be amended or modified only by a writing signed by Authority and Permittee. **(b)** No waiver by any party of any of the provisions of this Permit shall be effective unless in writing and signed by an officer or other authorized representative, and only to the extent expressly provided in such written waiver. **(c)** This instrument (including the exhibit(s) hereto) contains the entire agreement between the parties and all prior written or oral negotiations, discussions, understandings and agreements are merged herein. **(d)** The section and other headings of this Permit are for convenience of reference only and shall be disregarded in the interpretation of this Permit. **(e)** Time is of the essence. **(f)** This Permit shall be governed by California law and City's Charter. **(g)** If either party commences an action against the other or a dispute arises under this Permit, the prevailing party shall be entitled to recover from the other reasonable attorneys' fees and costs. For purposes hereof, reasonable attorneys' fees of Authority shall be based on the fees regularly charged by private attorneys in San Francisco with comparable experience. **(h)** If Permittee consists of more than one person then the obligations of each person shall be joint and several. **(i)** Permittee may not record this Permit or any memorandum hereof. **(j)** Subject to the prohibition against assignments or other transfers by Permittee hereunder, this Permit shall be binding upon and inure to the benefit of the parties and their respective heirs, representatives, successors and assigns. **(k)** Any sale or conveyance of the property burdened by this Permit by Authority shall automatically revoke this Permit.

22. **Permit Fees; Liquidated Damages for Failure to Surrender as Required**. Immediately upon entering into this permit, Permittee shall pay to TIDA a one-time flat rate of $6,000.00 (Six Thousand Dollars) for its access and use of Pier 1 as provided above. Payable upon execution of this Use Permit. If the term of this permit is extended by resolution of the Board of Directors of

the Authority, Permittee shall pay the Authority an additional one-time flat rate equal to the number of months extended by the resolution times $1,000.00/month. Such additional fee shall be paid upon the adoption of the resolution.

23. **Late Charge.** If Permittee fails to pay any Rent within ten (10) days after the dates the same is due and payable, such unpaid amount will be subject to a late payment charge equal to six percent (6%) of the unpaid amount in each instance. The late payment charge has been agreed upon by the Authority and Permittee as a reasonable estimate of the additional administrative costs and detriment that the Authority will incur as a result of any such failure by Permittee, the actual costs thereof being extremely difficult if not impossible to determine. The late payment charge constitutes liquidated damages to compensate the Authority for its damages resulting from such failure to pay and Permittee shall promptly pay such charge to the Authority together with such unpaid amount.

24. **Default Interest.** If any Rent is not paid within ten (10) days following the due date, such unpaid amount shall bear interest from the due date until paid at the rate of ten percent (10%) per annum, provided however that interest shall not be payable on late charges incurred by Permittee nor on any amounts on which late charges are paid by Permittee to the extent this interest would cause the total interest to be in excess of that which an individual is lawfully permitted to charge. Payment of interest shall not excuse or cure any default by Permittee.

PERMITTEE:
CALIFORNIA ENGINEERING CONTRACTORS/
MODERN CONTINENTAL, INC.

By: _____
Name:
Its: _____

By: _____
Name:
Its: _____

AUTHORITY:
TREASURE ISLAND DEVELOPMENT AUTHORITY

_____
Executive Director

APPROVED AS TO FORM:

DENNIS HERRERA
City Attorney

By _____
Deputy City Attorney

EXHIBIT A

SOUTH WATERFRONT LEASE

All correspondence in connection with
this contract should include reference to:

N6247498RP00P99

LEASE

BETWEEN

THE UNITED STATES OF AMERICA

AND

TREASURE ISLAND DEVELOPMENT AUTHORITY

FOR

THE SOUTH WATERFRONT AREA

NAVAL STATION TREASURE ISLAND

EXHIBIT B

DESCRIPTION OF LICENSED AREA

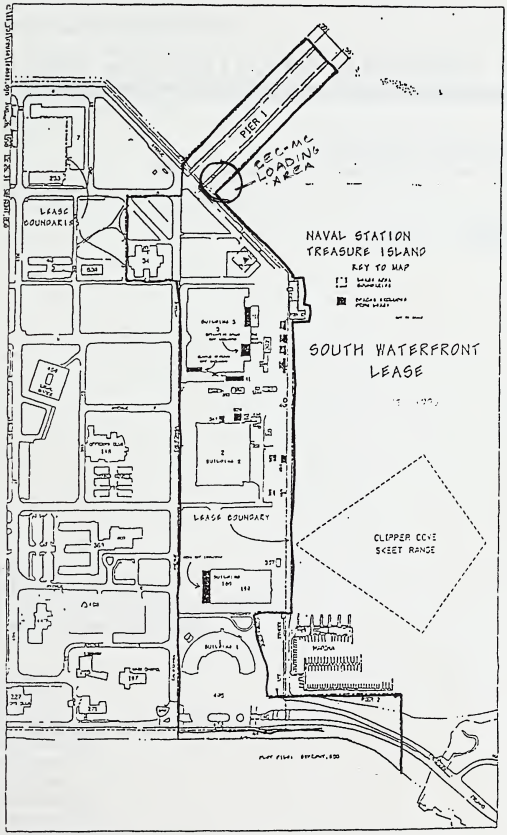


EXHIBIT C
COVER PAGE OF SEISMIC REPORT

TREASURE ISLAND REUSE PLAN

EXISTING CONDITIONS REPORT: VOL. 2

PHYSICAL CHARACTERISTICS, BUILDING AND INFRASTRUCTURE CONDITIONS

AUGUST 1995

PREPARED FOR:
The Office Of Military Base Conversion,
Planning Department, City & County of San Francisco,
and the San Francisco Redevelopment Agency

PREPARED BY:
ROMA Design Group
Cerbatos & Associates Consulting Electrical Engineers
Cervantes Design Associates
Don Todd Associates, Inc.
Manna Consultants, Inc.
Moffatt & Nichol Engineers
Olivia Chen Consultants, Inc.
Takahashi Consulting Engineers
Treadwell & Rollo, Inc.

EXHIBIT D
DESCRIPTION OF PERMITTED USES

The permittee may enter and use Pier 1 for the purpose of loading and unloading approximately 25 passengers onto a Westar Water Taxi. As well as for the purpose of loading and unloading equipment as specified in prior written notice provided by Permittee.

Parking of any vehicles on Pier 1 is prohibited except for the sole purpose of loading and unloading of equipment. Parking of vehicles shall not exceed more than 25 (Twenty Five) vehicles and is available off of the Pier next to the entrance gate.

All activities will take place (retroactively) beginning at 6:00 a.m. on Monday, September 9, 2002, to use Pier 1 and shall automatically expire at 6:00 p.m. on Monday, March 10, 2003.

Notes

AGENDA ITEM
TREASURE ISLAND DEVELOPMENT AUTHORITY
City and County of San Francisco

Subject: Request for Approval of Cooperative Agreement with the U.S. Navy for the period October 1, 2002 through September 30, 2003

Agenda Item No. 9
Meeting of October 9, 2002

Contact/Phone: Annemarie Conroy, Executive Director
Stephen Proud, Deputy Director
274-0660

SUMMARY OF PROPOSED ACTION

Authorize execution of a modification to the Cooperative Agreement with the U.S. Navy for the period October 1, 2002 through September 30, 2003.

DISCUSSION

The City and the Navy entered a Cooperative Agreement (CA) in March 1997 to assist the City with the costs of caretaker services for closed Naval Station Treasure Island (TI) while the City and the Navy negotiated the transfer of TI to the City. The caretaker services budget established by the Navy was based on Navy costs to achieve Navy standards, not City costs to achieve City standards. The initial CA provided $2,058,214 to the San Francisco Public Utilities Commission to address expenses related to preparations to operate and maintain TI utility services (including water, wastewater, storm water, electric and gas utility systems). There have been four subsequent modifications to the CA:

- October 1, 1997 through September 30, 1998 for $4,000,000;
- October 1, 1998 through September 30, 1999 for $4,000,000;
- October 1, 1999 through September 30, 2000 for $2,500,000;
- October 1, 2000 through September 30, 2001 for $145,000; and
- October 1, 2001 through September 30, 2002 for $145,000.

The Navy has indicated in the past that once revenues from the island were sufficient to support the costs of operation, funding for the Cooperative Agreement would be eliminated. The expectation was that FY 2001 would be the final year of funding for caretaker services. Consequently, the current caretaker agreement does not include any grant funds.

Although the Caretaker Agreement does not include grant funding, the Agreement itself provides the legal structure for the City and the Authority to operate and maintain the Base. According to counsel, this structure is better than a lease of the entire utility system. As such, staff recommends the approval of the Cooperative Agreement for 2002-2003. Pursuant to the Board of Supervisors Resolution establishing the Treasure Island Development Authority, modifications to the Cooperative Agreement must be referred to the Board of Supervisors for its approval as a contract with a total value in excess of $1 million.

FILE NO. _____ RESOLUTION NO. _____

AUTHORIZING EXECUTION OF A MODIFICATION TO THE COOPERATIVE AGREEMENT TO EXTEND THE AGREEMENT FOR THE PERIOD OCTOBER 1, 2002 THROUGH SEPTEMBER 30, 2003.

WHEREAS, former Naval Station Treasure Island is a military base located on Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by the United States of America ("the Federal Government"); and,

WHEREAS, Treasure Island was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its subsequent amendments; and,

WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the Base for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; and,

WHEREAS, The City and County of San Francisco and the United States Navy entered into a Cooperative Agreement to enable the Navy to help fund caretaker and other maintenance activities that the City and subsequently the Authority would perform on behalf of the Navy; and

WHEREAS, the Authority and the Navy wish to extend the term of the Cooperative Agreement for the period October 1, 2002 through September 30, 2003; now therefore, be it

RESOLVED, That the Authority hereby authorizes the Executive Director of the Project to execute a modification of the Cooperative Agreement to extend the term for the period October 1, 2001 through September 30, 2002, and to forward the Agreement to the Board of Supervisors for its consideration.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on October 9, 2002.

_____
William Fazande

UNITED STATES NAVY
NAVAL FACILITIES ENGINEERING COMMAND
WASHINGTON NAVY YARD
1322 PATTERSON AVENUE SE, SUITE 1000
WASHINGTON, DC 20374-5065

COOPERATIVE AGREEMENT
NO. N62474-97-2-0003
MODIFICATION P00015

COOPERATIVE AGREEMENT

GRANTEE: CITY AND COUNTY OF SAN FRANCISCO
TREASURE ISLAND DEVELOPMENT AUTHORITY
410 PALM AVE., BLDG 1, ROOM 237
TREASURE ISLAND, SAN FRANCISCO, CA 94130

AUTHORITY: Section 2905(a)(1)(B) of Public Law 101-510

COOPERATIVE AGREEMENT MODIFICATION:

The purpose of this modification, is in accordance with Section 701 of the General Provisions and the caretakers letter dated 19 September 2002, the Cooperative Agreement is extended for FY2003 from 01 October 2002 through 30 September 2003 in accordance with Section 701 of the basic agreement.

As mutually agreed herein, by both parties, the costs of extended caretaker services shall be borne exclusively of and by the caretaker, as an offset of existing revenue generating sources, present and future through the extended period of the Cooperative Agreement, ending 30 September 2003.

The general provisions, terms and conditions of the basic Cooperative Agreement and all previous modifications remain the same as previously adopted.

As a result of this Modification, the total funded amount of the Cooperative Agreement remains the same at $12,848,213.00.

For the CITY AND COUNTY
OF SAN FRANCISCO
TREASURE ISLAND
DEVELOPMENT
AUTHORITY as Caretaker:

By: _____
MAYOR

For the U.S. Navy

By: _____
C. W. DEPEW
Grants Administrator

_____
CLERK OF BOARD OF SUPERVISORS

_____
ANNEMARIE CONROY
Treasure Island Development Authority Executive Director

APPROVED AS TO FORM:
LOUISE H. RENNE, City Attorney

By: _____
DEPUTY CITY ATTORNEY

UNITED STATES NAVY
NAVAL FACILITIES ENGINEERING COMMAND
WASHINGTON NAVY YARD
1322 PATTERSON AVENUE SE, SUITE 1000
WASHINGTON, DC 20374-5065

COOPERATIVE AGREEMENT
NO. N62474-97-2-0003
MODIFICATION P00014

COOPERATIVE AGREEMENT

GRANTEE: CITY AND COUNTY OF SAN FRANCISCO
TREASURE ISLAND DEVELOPMENT AUTHORITY
410 PALM AVE., BLDG 1, ROOM 237
TREASURE ISLAND, SAN FRANCISCO, CA 94130

AUTHORITY: Section 2905(a)(1)(B) of Public Law 101-510

COOPERATIVE AGREEMENT MODIFICATION:

The purpose of this modification, in accordance with Section 701 of the General Provisions, is to extend the current FY 2001 Cooperative Agreement from 01 October 2001 to 30 September 2002 in accordance with Section 701 of the basic agreement.

As mutually agreed herein, by both parties, the costs of extended caretaker services shall be borne exclusively of and by the caretaker, as an offset of existing revenue generating sources, present and future through the extended period of the cooperative agreement, ending 30 September 2002.

The agreement will remain subject to the terms and conditions as follows:

1. The general provisions, terms and conditions of the basic cooperative agreement remain unchanged.
2. Sections 1, 2 and 3 of the Cooperative Agreement are changed to delete Functional Annexes (Annexes 3, 4 and 6), Table of Contents and Consolidated Cost Estimate, from Modification P00008 in their entirety.
3. Insert the Table of Contents, Functional Annexes (Annexes 3, 4 and 6) with their associated Technical Execution Plans, Consolidated Cost Estimate and Detailed Cost Summaries, as incorporated herein by Modification P00014 into the Cooperative Agreement.

As a result of this Modification, the total amount of the Cooperative Agreement is increased by $145,000.00 from $12,703,213.00 to $12,848,213.00.

PAYMENT WILL BE MADE BY: DFAS San Diego.

ACCOUNTING AND APPROPRIATION DATA:

BT 1797XXXX0510 K900 0252 3891I 0 068711 2A 000000 BT7C15610000 BT $145,000.00

UNITED STATES NAVY
NAVAL FACILITIES ENGINEERING COMMAND
WASHINGTON NAVY YARD
1322 PATTERSON AVENUE SE, SUITE 1000
WASHINGTON, DC 20374-5065

COOPERATIVE AGREEMENT
NO. N62474-97-2-0003
MODIFICATION P00013

COOPERATIVE AGREEMENT

GRANTEE: CITY AND COUNTY OF SAN FRANCISCO
TREASURE ISLAND DEVELOPMENT AUTHORITY
410 PALM AVE., BLDG 1, ROOM 237
TREASURE ISLAND, SAN FRANCISCO, CA 94130

AUTHORITY: Section 2905(a)(1)(B) of Public Law 101-510

COOPERATIVE AGREEMENT MODIFICATION:

The purpose of this modification, in accordance with Section 701 of the General Provisions, is to extend the current FY 2000 Cooperative Agreement from 01 October 2000 to 30 September 2001 in accordance with Section 701 of the basic agreement.

As mutually agreed herein, by both parties, the costs of extended caretaker services shall be borne exclusively of and by the caretaker, as an offset of existing revenue generating sources, present and future through the extended period of the cooperative agreement, ending 30 September 2001.

The agreement will remain subject to the terms and conditions as follows:

1. The general provisions, terms and conditions of the basic cooperative agreement and all previous modifications remain the same as previously adopted.
2. Sections 1, 2 and 3 of the Cooperative Agreement are changed to delete Functional Annexes (Annexes 3, 4 and 6), Table of Contents and Consolidated Cost Estimate, from Modification P00008 in their entirety.
3. Insert the Table of Contents, Functional Annexes (Annexes 3, 4 and 6) with their associated Technical Execution Plans, Consolidated Cost Estimate and Detailed Cost Summaries, as incorporated herein by Modification P00012 into the Cooperative Agreement.

As a result of this Modification, the total amount of the Cooperative Agreement is increased by $145,000.00 from $12,558,213.00 to $12,703,213.00.

PAYMENT WILL BE MADE BY: DFAS San Diego.

ACCOUNTING AND APPROPRIATION DATA:

BS 1797XXXX0510 KQ00 0252 38111 0 068732 2A 000000 BS000R025819 $145,000.00

For the CITY AND COUNTY
OF SAN FRANCISCO
TREASURE ISLAND
DEVELOPMENT
AUTHORITY as Caretaker:

By: _____
MAYOR

Jean Lum Acting
CLERK OF BOARD OF SUPERVISORS

ANNEMARIE CONROY
Treasure Island Development Authority Executive Director

APPROVED AS TO FORM:
LOUISE H. RENNE, City Attorney

By: _____
DEPUTY CITY ATTORNEY

For the U.S. Navy

By: _____
ROBERT M. GRIFFIN
Grants Officer

UNITED STATES NAVY
NAVAL FACILITIES ENGINEERING COMMAND
WASHINGTON NAVY YARD
1322 PATTERSON AVENUE SE, SUITE 1000
WASHINGTON, DC 20374-5065

COOPERATIVE AGREEMENT
NO. N62474-97-2-0003
MODIFICATION P00012

COOPERATIVE AGREEMENT

GRANTEE: CITY AND COUNTY OF SAN FRANCISCO
TREASURE ISLAND DEVELOPMENT AUTHORITY
410 PALM AVE., BLDG 1, ROOM 237
TREASURE ISLAND, SAN FRANCISCO, CA 94130

AUTHORITY: Section 2905(a)(1)(B) of Public Law 101-510

COOPERATIVE AGREEMENT MODIFICATION:

The purpose of this modification, in accordance with Section 701 of the General Provisions, is to extend the current FY 2000 Cooperative Agreement from 01 March 2001 to 31 March 2001 in accordance with Section 701 of the basic agreement. This extension shall allow the City of San Francisco time to complete the final review and approval of the comprehensive annual modification (P00013), as requested by the caretaker.

As mutually agreed herein, by both parties, the costs of extended caretaker services shall be borne exclusively of and by the caretaker, as an offset of existing revenue generating sources, present and future through the extended period of the cooperative agreement, ending 31 March 2001.

As a result of this modification, the total funded amount remains the same.

For the CITY AND COUNTY
OF SAN FRANCISCO
TREASURE ISLAND
DEVELOPMENT
AUTHORITY as Caretaker:

By: _____
MAYOR

For the U.S. Navy

By: _____
ROBERT BOYER
Grants Officer

_____
CLERK OF BOARD OF SUPERVISORS

_____
ANNEMARIE CONROY
Treasure Island Development Authority Executive Director

APPROVED AS TO FORM:
LOUISE H. RENNE, City Attorney

By: _____
DEPUTY CITY ATTORNEY

TABLE OF CONTENTS

SECTION I

REQUIREMENTS STATEMENT

LOCATION
This agreement concerns the operations, maintenance and protection of the closed Naval Station (NS) Treasure Island. NS Treasure Island closed operationally at the end of September 1997. The term "closed Naval Station Treasure Island" refers to those areas and facilities that have not been transferred to the United States Department of Labor, United States Coast Guard, or leased to the Caretaker.

The operation and maintenance of Navy facilities that are licensed or leased to the City of San Francisco are excluded from this agreement.

GOVERNMENT FURNISHED PROPERTY, EQUIPMENT, AND MATERIAL
Government Furnished Property, Equipment and Material (GFP/GFE/GFM) is property, equipment, or material that is provided to the Caretaker to reduce the cost of this agreement or to assist the Caretaker in start-up. GFP/GFE/GFM held by the Caretaker continues to be owned by the Navy until consumed or returned. The Caretaker is responsible to provide proper care, maintenance, and security of GF P/GFE/GFM. Property, equipment, and material purchased by the Caretaker and reimbursed by the Navy is considered GFP/GFE/GFM.

ORGANIZATION
The agreement is divided into six (6) functional annexes. For ease of reading, each annex follows a standard format that is briefly described below.

1. Description

This paragraph generally defines the scope of services to be provided under the agreement.

2. Concept of Operations

This paragraph provides additional descriptions of the services, and operations and maintenance functions that are included in the annex. Standards for the services and functions are those of the service provider.

3. Technical Execution Plans (TEPs)

There is a Technical Execution Plan (TEP) appended to each annex within this document. Prior to this modification, the TEP(s) were separate documents. The TEPs are being appended to each of the functional annexes so that the result will be a fully integrated and selfcontained document that is an integral part of this agreement. The OIC, Caretaker Site Office, will use these plans when developing the Navy quality assurance program.

The TEPs are management tools for both the City and the Navy. The TEPs form the technical basis for reimbursement by the Navy to the City for the work performed by the City in the process of assuming the ownership and management of Treasure Island. The City's budgets in Section III will track to the objectives of the TEPs.

The TEPs identify the method by which the Caretaker will keep the CSO informed as to job status, progress, backlog, scheduled completion dates, and work execution plans. They include a methodology for tracking and documenting reductions in workload and allowable cooperative agreement expenditures associated with leasing, licensing, or transfer of properties to the City of San Francisco or other entity.

The Caretaker will advise the Grants Administrator and the OIC, Caretaker Site Office, of significant changes to the plan.

4. Government Furnished Property/Equipment

This section, located in Functional Annex 5, refers to a list of government property and equipment that the Navy shall provide to the Caretaker for performing CA services and functions.

5. Section III, Consolidated Cost Estimate and Detailed Budget Summaries

This section contains consolidated cost estimates for the full term of the Cooperative Agreement. Costs may be reallocated among annexes with prior approval of the Navy Grants Administrator. Reallocations must occur within the term of the agreement, be within the original Cooperative Agreement scope, and not exceed the total estimated cost agreed upon in this modification for the total of all the annexes.

6. Allowability of Indirect Expenses

Article V Costs, Section 502, Advance Agreements on the Allowability of Costs, Part B of the basic cooperative agreement states "indirect costs, as such costs are defined in OMB Circular A-87, shall be unallowable". This does not mean that all indirect expenses are unallowable but that the allowability of indirect expenses will be governed by OMB Circular A-87.

TERMS AND ACRONYMS

Several terms and acronyms frequently appear in the text of the functional annexes. A list brief of these terms and acronyms follows:

Caretaker	The City of San Francisco
CA	Cooperative Agreement
CSO	The Navy Caretaker Site Office located at the closed Naval Station Treasure Island.
GFP/GFE	Government Furnished Property/Government Furnished Equipment
NS	Naval Station
SOP	Standard Operating Procedure
TIDA	Treasure Island Development Authority or Authority.
TI	Treasure Island
YBI	Yerba Buena Island

The term "closed Naval Station Treasure Island" refers to those areas and facilities that have not been transferred to the United States Department of Labor, United States Coast Guard, or leased to the Caretaker.

PART 1.A

SECURITY SERVICES

1.A.1. Description

1.A.1.1.Security services for the closed Naval Station (NS) Treasure Island includes management, supervision, and work execution required to protect government property (facilities and personal property) and control access to the Navy owned property.

1.A.2. Concept of Operations

1.A.2.1.The Caretaker, shall provide security services as described below.

1.A..2.2. The Caretaker shall establish 24-hour security patrols ~~to~~ for the former NS Treasure Island to control access and deter unauthorized entry to or removal of Navy-owned property.

1.A.2.3. All security personnel shall wear uniforms distinguishing them as part of an official security workforce. Security vehicles shall also have distinguishing security markings.

1.A.2.4. Security personnel shall have full-time radio communication capability with each other and with the San Francisco Police Department. Security personnel shall immediately call for a Police response if they detect any indication of a crime being committed or committed previously.

1.A.2.5. Security personnel are not authorized to carry firearms.

1.A.2.6. The Caretaker shall provide all supplies and equipment necessary to perform the security service.

SECTION II

FUNTIONAL ANNEXES

FUNCTIONAL ANNEX 1
POLICE, SECURITY, FIRE, AND EMERGENCY MEDICAL SERVICES

PART 1

LAW ENFORCEMENT SERVICES

1.1. Description

1.1.1. The Law Enforcement Services in this agreement is the same or similar to services provided by the City of San Francisco Police Department for public protection and handling of criminal offenses. Services apply to the closed Naval Station. These services include law enforcement under the jurisdiction of the court system of the County of San Francisco and the State of California. They also include police services and animal control services, as currently practiced by the City of San Francisco.

1.2. Concept of Operations

The Caretaker shall provide police services to the closed Naval Station Treasure Island in accordance with established standards of the City of San Francisco.

The Caretaker shall provide a response to all emergency and non-emergency calls for service, traffic enforcement, animal control services and other services normally provided by the San Francisco Police Department to the population of the City of San Francisco.

TECHNICAL EXECUTION PLAN
FOR
ANNEX 1
PUBLIC SAFETY

1. The missions of the San Francisco Police and Fire Departments, with regards to operations on Treasure Island and Yerba Buena Island (TI/YBI) are:

a. To safeguard the well being of residents, employees and visitors to TI/YBI.
b. To protect and insure the security of property and buildings located on TI/YBI.
c. To interact and liaison with other local and federal government agencies located on the islands.
d. To assist and coordinate efforts to maintain security and prevent fires on TI/YBI.
e. To proactively meet with residents and employees of the Islands and to engage in partnership and dialogue which will form the basis of future community problem solving efforts.
f. To protect the lives and property on TI/YBI from fire, natural disasters, hazardous materials incidents.
g. To save lives by providing emergency medical services.
h. To prevent fires through prevention and education programs.

Assignment of Responsibility:

Police Department: Overall, responsibility for staffing and policing of the Islands will remain with the San Francisco Police Department, Treasure Island Station. Overall, operational command of police services will be the responsibility of Captain Rich Cairns.

Fire Department: Overall, responsibility for staffing and policy in regards to the Islands will remain with the Chief of the Fire Department or their designee. Overall, operational command will be the responsibility of the Chief of the Fire Department or his designee.

Staffing and Tours of Duty:

Police Department: Police staffing of the Islands will be on a continual 24-hour, seven-day a week basis. Deployment will be as follows:

Day Watch (0600-1600): One Captain, One Sergeant, Two Patrol Officers, and One Light Duty Station Officer.
Swing Watch (1400-2400): Two Patrol Officers.
Midnight Watch (2100-0700): Two Patrol Officers.

Supervision: Units assigned to the Islands shall be under the supervision of their respective unit supervisors. Supervisors shall remain available to respond to TI and YBI as needed. Supervisors will make periodic visits to their personnel on the Islands as part of their regular supervisory responsibilities.

Fire Department: Fire Department staffing of the Islands will be on a continual 24-hour, seven-day a week basis.
Deployment is as follows: Total Fire Department personnel assigned to the Islands currently consists of One Captain, six Lieutenants and 20 Fire Fighters. In addition, the Battalion Chief of District 03 and his aide have temporarily relocated their headquarters to Treasure Island Fire Station until further orders from the Chief of the Department. Their staffing consists of 3 Battalion Chiefs and 3 Chief's Aides. Current

PART 1.B

FIRE PROTECTION/SUPPRESSION AND EMERGENCY RESPONSE SERVICES

1.B.1. Description

The Fire Protection/Suppression and Emergency Response Services, hereinafter called the "Fire Protection", includes services which involve the operation of a fire reporting communications center, fire operations, fire prevention inspections, rescue, hazardous materials first responder, emergency medical first responder, and ambulance service. Maintenance of the fire protection facilities shall be accomplished under the Building Maintenance Services Annex (Annex 4) to this agreement.

1.B.2. Concept of Operations

The Caretaker shall provide Fire Protection services to the closed Naval Station Treasure Island in accordance with established standards of the City of San Francisco.

The Caretaker and the Navy shall work cooperatively to minimize/eliminate operations and maintenance costs for Fire Protection services for those areas of the closed NS that have limited or no reuse potential.

The Caretaker shall conduct fire inspections in all Caretaker Facility Maintenance Level I, II, III, and IV facilities. The term "Levels" refers to standards established by the Navy for Caretaker Levels as described in CNO letter Ser N444B dated 6 Oct 1994 located in the CSO's office.

The Caretaker shall conduct periodic visual inspections of fire alarm systems and fire protection systems (which include automatic sprinkler systems, standpipe systems, and other extinguishing systems). Routine inspections shall be performed on operational systems. Systems that have not been certified or are presently out-of-service or lacking proper maintenance or repair shall remain out of service or shall be placed in an out-of-service status by the Caretaker. Engineered fixed extinguishing systems shall be placed in an out-of-service status in all vacant buildings.

The Caretaker shall respond to release of hazardous materials for Naval Station property, and provide initial clean-up of such releases, except for releases due to Navy operations. Hazardous materials response shall include a response to spills which affect the surrounding bay waters directly or via the storm drain system.

The Caretaker shall incorporate the closed NS into the City of San Francisco's disaster preparedness and emergency management programs.

The Caretaker shall maintain maps, records, and drawings related to the Fire Protection function as listed in Technical Exhibit 1-1. All records and maps shall be available to the Navy upon request.

The Caretaker shall attend meetings involving all major changes to the infrastructure, building occupancy and use, demolition of structures, and planned public events that impact safe occupancy limits.

daily staffing consists of 2 Officers and 4 Firefighters. They work on a 24-hour shift from 0800 to 0800. Additionally, Basic Life Support (BLS) Ambulance service has been established during 1999. Although a Battalion Chief and Chief's Aide are currently quartered at Treasure Island, they are not exclusively dedicated to the Islands. They are still responsible for their district in San Francisco that includes the Bay Bridge, Treasure Island and Yerba Buena Island. The above cited staffing levels shall be maintained, subject to the continued provision of necessary funding to support the staffing. However, minimum levels required for any San Francisco community will be maintained.

In addition to the current Fire Department staff on TI, in the case of an incident, the incident commander will have available to them any and all units of the San Francisco Fire Department including: the Fire Boat, Hazardous Materials Unit, Pollution Control Unit, Heavy Rescue Squads, Cliff Rescue, Water Rescue, Emergency Medical Service, etc. The department anticipates the assignment of one paramedic to the Islands on each watch in exchange for one firefighter on each watch in early to mid 2000.

Duties of Department:

Police Department: Upon arrival at TI/YBI, officers will meet with the off-going watch to exchange any pertinent information. Officers shall check the incident/information clipboard at the station prior to commencing patrol. Officers are responsible for the security of Island property, residents, and visitors. This entails the diligent investigation and documentation of any suspicious incidents, persons, vehicles, etc. that they encounter during their tour of duty. All incidents will be documented on incident reports, memoranda, or field interrogation cards, as appropriate. Officers will be responsible for conducting diligent patrol of the Islands unless they are engaged in investigations or report preparation at the Station. Officers will maintain a cooperative liaison with Treasure Island gate security, and respond promptly to any of their calls for assistance or back up. Officers will coordinate with the San Francisco Department of Animal Care and Control as required. Copies of all incident reports and memoranda will be maintained at the TI Station for informational purposes. Police personnel will maintain their presence on the Islands at all times. During the midnight watch, units may leave the Islands only for exigent circumstances, and with the permission of the supervisor.

Fire Department: The duties of the Fire Department will be to respond to structural fires, auto fires, trash fires, grass fires, vessel fires, medical emergencies, hazardous materials incidents, cliff rescues, water rescues, investigation of building alarms, and other emergencies on TI/YBI and the San Francisco Bay Bridge. Inspection and fire prevention programs will be administered by the Department's Bureau of Fire Prevention.

Points of Contact:

Police Department:

Commander Portoni	553-1527
Captain Cairns	984-0642 pager: 998-8487
Sergeant McCloskey	984-0645 pager: 804-5349
Officer Clyburn	984-0645
Officer Achim	
Officer Schlink	
Officer Gaan	
Officer Kosewic	
Officer Marchand	
Officer Barker	
Officer Fox	
Officer Frenkel	

Points of Contact:

Fire Department:

Emergency Number	911
Division 1	558-3501 or 558-3213
Firehouse Business	558-3248

FUNCTIONAL ANNEX 2

TELEPHONE CABLE MAINTENANCE SERVICES

2.1. Description

2.1.1. The telephone cable system for the closed Naval Station (NS) Treasure Island consists of all existing cables, conduits, connections, and terminals located throughout the base with the exception of cable plant, conduit and related infrastructure which is owned by the local service provider (providing service to housing and lodging facilities). The system is located primarily underground running through utility ducts accessible through manholes. Termination boards are located in building structures. The main termination board is located in Building 1.

2.2. Concept of Operations

2.2.1. Lease of the Telephone Cable System to the Treasure Island Development Authority: The Navy owned utility infrastructure serving former Naval Station Treasure Island, including the telephone cable system, may, subject to the prior approval of the Authority and the San Francisco Board of Supervisors, be leased to the Authority. In that event, the continued operation of the telephone cable system by the Caretaker would be subject to the provisions of that lease. Accordingly, provision of this Agreement pertaining to maintenance of the telephone cable system would be void upon execution of such a lease.

2.2.2 Operations Under This Agreement Prior to Leasing

2.2.2.1 The Caretaker, will maintain the telephone cable system in an operable condition.

2.2.2.2 The Caretaker and the Navy will work cooperatively to minimize/eliminate maintenance costs for the system that serves those areas of the closed NS with limited or no reuse potential.

2.2.2.3 The Caretaker shall conduct system maintenance and repairs necessary to provide a safe, operational telephone cable system. The Caretaker and the Navy will work cooperatively, using sound engineering judgment, to identify optimum corrective solutions for system deficiencies.

2.2.2.4 The Navy will provide a full set of maps and drawings related to the telephone system to the Caretaker. Subsequently, the Caretaker will maintain such maps and drawings and will make them available to the Navy, upon request, to provide documentation in support of system conveyance.

2.2.2.5 The Caretaker will normally provide the Navy Caretaker Site Office with a minimum of 1-week notification of scheduled service outages.

TECHICAL EXECUTION PLAN
FOR
ANNEX 2
TELEPHONE SERVICES

1. The following procedure is to be used by City Departments on Treasure Island/Yerba Buena Island (TI/YBI) when reporting trouble with telephone services:

   a. The Department will call (415) 550-2747 Department of Telecommunications and Information Services (DTIS) Dispatcher and report the trouble, giving as much detail as possible.
   b. DTIS Dispatcher will open a trouble ticket with Pacific Bell or dispatch a DTIS Technician to the site.
   c. Pacific Bell will close the ticket with the DTIS Dispatcher or report that the service is good to the Main Point of Entry (MPOE).
   d. Lucent Technologies will clear the trouble with the Dispatcher.

2. The following procedures will be used by non-City Entities on TI/YBI when reporting trouble with their telephone services:

   a. Client will follow their internal trouble reporting procedures.
   b. If Pacific Bell determines that the service is good to the MPOE, and a problem still exists, then Pacific Bell will contact the DTIS Dispatcher at (415)550-2747.
   c. DTIS Dispatcher will contact Lucent Technologies and open a trouble ticket for cable troubleshooting.
   d. Lucent Technologies will clear the trouble with the Dispatcher. Any charges for repairs will be passed along to the client.

3. Preventative Maintenance of cable trunks and switch gear shall be per the Cooperative Agreement. Any outstanding repairs shall be reported weekly during the Navy/City meeting.

FUNCTIONAL ANNEX 3

GROUNDS MAINTENANCE SERVICES

3.1. Description

3.1.1. Grounds maintenance services for the closed Naval Station (NS) Treasure Island includes management, supervision, and work execution required to provide caretaker level maintenance and repair to improved grounds. The grounds maintenance function includes grass cutting, irrigation, weed control, tree trimming and removal, litter control, perimeter fence repairs, roadways, and culvert cleaning.

3.1.2. Grounds maintenance services include coverage of the entire closed NS. Grounds maintenance services shall not be provided for areas under control of the USCG, DOL, and leased or licensed property to the Caretaker.

3.2. Concept of Operations

The Caretaker shall perform grounds maintenance work to all areas on closed Naval Station Treasure Island that have not been transferred to the Department of Labor or the United States Coast Guard, and have not been leased to the Caretaker. Grounds maintenance shall be performed to two standards:

Level 2 Services

Turf Grass Mowing and Associated Cleanup: Turf areas shall be mowed an average of two times per month. Turf grass height shall be maintained between 2 inches and 4 inches at all times. Prior to mowing, all trash, papers, and other debris shall be removed from turf areas. Surface imperfections such as gopher mounds shall be leveled out. All edges along curbs, sidewalks, roadways, and other paved areas, and around light poles, hydrants, light guards, and signs shall be trimmed once per month. Tree wells shall be maintained around all trees and large shrubs growing in lawn and turf areas. All clippings shall be cleared from walkways, roadways, and other paved areas.

Trees and Shrubs: All trees and shrubs shall be pruned to provide safe passage, maintain a healthy and pleasing appearance, and prevent interference with pedestrians and vehicular traffic. Trees and shrubs shall be treated as necessary to prevent disease, fungus, and insect damage. Shrub beds shall be kept free of weeds, debris, sucker growth, and dead plant material.

Irrigation: Minimum irrigation shall be performed in a manner that promotes good appearance of landscaped areas. Irrigation shall include the watering of lawns, shrubs, trees, ground cover and containerized plants. Caretaker shall provide back-flow prevention devices approved by the San Francisco Department of Public Works on all hoses that are used for watering and all connections made to fire hydrants.

Weed control in Paved Areas: Weeds shall be removed from all asphalt and other paved areas. Herbicides shall be applied to prevent re-growth.

Policing, Debris Removal, and Storm Damage Cleanup: All maintenance areas shall be policed at least twice per month to remove debris, leaves, paper, dead limbs, bark, pine needles, etc. Debris, silt, and vegetation shall be removed from gutters, curb inlets, and gratings. Debris from storms shall be removed as soon as possible.

Playground, Sandboxes, Ball Fields, and Tennis Courts: Playgrounds, sandboxes, ball fields, and tennis courts shall be kept free of weeds and debris. Sandboxes shall be raked once a week to remove foreign objects.

Level 3 Services,

Mowing and Associated Cleanup: Grass and weeds shall be cut 12 times per year. Prior to mowing, all trash and debris, including leaves, paper and other objects within the maintenance area shall be removed. Grass/weeds shall be maintained at a uniform height of not less than 2 inches and not more than 5 inches.

Trees and Shrubs: All trees and shrubs shall be pruned as required to encourage proper health and to maintain a pleasing appearance. Any extensive pruning or "cut back" shall be accomplished in the winter or during the dormant season. Ivy and ground cover shall be kept a minimum of eight inches (8") from shrubs and trees. Shrub beds shall be kept free of weeds, debris, sucker growth, and dead plant material.

Weed Control in Paved Areas: Weed shall be removed from all asphalt and other paved areas four times per year. Herbicides shall be applied to prevent re-growth.

Policing, Debris Removal, and Storm Damage Cleanup: All maintenance areas shall be policed at least twice per month to remove debris, leaves, paper, dead limbs, bark, pine needles, etc. Debris, silt, and vegetation shall be removed from gutters, curb inlets, and gratings. Debris from storms shall be removed as soon as possible.

Playground, Sandboxes, Ball Fields, and Tennis Courts: Playgrounds, sandboxes, ball fields, and tennis courts shall be kept free of weeds and debris. Sandboxes shall be raked once a week to remove foreign objects.

Irrigation: Level 3 areas shall not include any irrigation.

3.2.2. The Caretaker shall provide a Facility Manager who shall manage all functions related to Grounds Maintenance.

3.2.3. The Caretaker shall provide Facility Inspectors who shall execute the facility inspection program in conjunction with the Navy CSO staff. The Facility Inspectors shall work directly for the Facility Manager.

3.2.4. The Caretaker and the Navy shall work cooperatively to minimize/eliminate operations and maintenance costs for grounds which have limited or no reuse potential.

3.2 5. The Caretaker shall provide all supplies and equipment necessary to perform the grounds maintenance service, except as indicated in 3.4 below.

3.2.6. The Caretaker execution workforce shall occupy and use the City Department of Public Works spaces in Public Works Department spaces in Building 325 as a local shop and storage space.

TECHICAL EXECUTION PLAN
FOR
ANNEX 3
GROUNDS MAINTENANCE

1. Per the contract between TIDA and Rubicon Enterprises, dated March 1999, the grounds maintenance of the Islands will be maintained in an appropriate manner. The monthly invoice for these services, under the requirements of the Cooperative Agreement, will be per Annex 5, Financial Management.

2. The Caretaker Site Office Treasure Island holds a copy of the contract, for historical and quality assurance purposes.

FUNCTIONAL ANNEX 4

BUILDING AND ROADS MAINTENANCE SERVICES

PART 1: BUILDING MAINTENANCE

4.1. Description

4.1.1. Building Maintenance Services for the closed Naval Station (NS) Treasure Island includes management, supervision, and work execution required to provide caretaker level maintenance and repair to Navy owned buildings and structures which are vacant and laid-away pending reuse. The number of facilities covered by this agreement shall decrease as buildings and land parcels are leased to the City of San Francisco for reuse. All building systems are covered by this annex, including structural systems, electrical systems, mechanical systems, roofing systems, fire suppression/alarm systems, and installed related equipment, such as elevators and hoists. Pest control within buildings is also included in this annex. The level of maintenance effort for any particular building shall be in accordance with Navy policy on facilities in layaway status (provided separately from this agreement) and the designated "caretaker level" assigned by the Navy CSO in coordination with the City of San Francisco related to reuse potential. In general, maintenance work shall be performed to a level that limits deterioration by providing a weather-tight facility secure from entry. "Improvements" to buildings in a layaway status are not allowable under this agreement.

4.1.2. This functional applies to the areas on the "Closed Naval Station Treasure Island".

4.1.3. The Caretaker shall use a portion of Building 1 and Building 225 for performance of the Building Maintenance Services function.

4.2. Concept of Operations

4.2.1. The Caretaker shall perform building maintenance work on structures in accordance with Caretaker standards and special requirements for "Historical" buildings, which will be finalized in a separate document.

4.2.2. The Caretaker shall provide a Facility Manager, who shall manage all functions related to Building Maintenance Services and Roads/Grounds Maintenance covered in Annex 5.

4.2.3. The Caretaker shall provide Facility Inspectors who will execute the facility inspection program in-conjunction with the Navy CSO staff. The Facility Inspectors shall work directly for the Facility Manager.

4.2.4. The Caretaker shall perform the majority of the work effort of this function using in-house City of San Francisco Public Works Department personnel and supervision, including both field and technical engineering support. The Caretaker may obtain specialty functional support via contract.

4.2.5. The Caretaker shall provide 24 hour, on-call, emergency response and repair capability to secure situations that threaten the property, such as broken water pipes, secondary electrical failures, significant roof leaks, etc.

4.2.6. The Caretaker shall inspect buildings according to established schedules to identify required building maintenance work. The Caretaker shall order required work for accomplishment by in-house personnel or contract.

4.2.7. The Caretaker shall maintain buildings in a manner that is safe to the general public, including those occupied by the Navy (portion of Building 1 and Building 570). The Caretaker will provide all supplies and equipment necessary to perform building maintenance services.

4.2 8. The Caretaker shall pickup, store and dispose of any abandoned waste on the closed NS Treasure Island, including YBI, per applicable regulations. This does not include waste generated by Navy environmental remediation work.

The Caretaker shall properly store all Hazardous Materials and Hazardous Waste it handles, other than such materials and waste generated by Navy operations. The Caretaker shall not use the Navy's Hazardous Waste Generator Identification number for disposal of Hazardous Materials and Hazardous Waste not generated by Navy operations.

PART 2: ROADS MAINTENANCE

4.A.1. Description

4.A.1.1.Road services includes management, supervision, and work execution required to provide maintenance and repair to paved roadways at a level not less than Caretaker's standards for the City. The roads maintenance function includes asphalt repair, concrete repair, street striping, street sweeping, roadway above ground culvert cleaning, traffic signage repair, and sidewalk repairs.

4.A.1.2.Roads maintenance services include coverage of the entire closed NS. Roads maintenance services shall not be provided for areas under control of the USCG, DOL, and leased or licensed property under this agreement.

4.A.2. Concept of Operation

4.A.2.1.The Caretaker shall perform roads maintenance work on the entire closed base in accordance with City standards in two levels:

Level A is the standard level of maintenance used for areas with public access and active interim reuse in the local area.

Level B is the level of maintenance used in areas of little to no public access with no interim reuse in the local area.

4.A.2.2.The Caretaker shall provide a Facility Manager who shall manage all functions related to Roads Maintenance and Building Maintenance.

4.A.2.3.The Caretaker shall provide Facility Inspectors who shall execute the facility inspection program in conjunction with the Navy CSO staff. The Facility Inspectors shall work directly for the Facility Manager.

4.A.2.4.The Caretaker shall work cooperatively with the Navy CSO staff in the execution of work associated with this functional.

4.A.2.5.The Caretaker shall perform the majority of the work effort of this functional using contracted support through the City Public Works Department.

4.A.2.6.The Caretaker and the Navy shall work cooperatively to minimize/eliminate operations and maintenance costs for roads which serves those areas of the closed NS that have limited or no reuse potential.

4.A.2.7. The Caretaker shall pickup, store and dispose of any abandoned waste on the closed NS Treasure Island, including YBI, per applicable regulations. This does not include waste generated by Navy environmental remediation work.

The Caretaker shall properly store all Hazardous Materials and Hazardous Waste it handles, other than such materials and waste generated by Navy operations. The Caretaker shall not use the Navy's Hazardous Waste Generator Identification number for disposal of Hazardous Materials and Hazardous Waste not generated by Navy operations.
The Caretaker shall provide all supplies and equipment necessary to perform the building maintenance and roads maintenance service.

4.A.2.8. The Caretaker execution workforce shall occupy and use the City Department of Public Works spaces in Public Works Department spaces in Building 225 as a local shop and storage space.

TECHICAL EXECUTION PLAN
FOR
ANNEX 4
BUILDING AND ROADS MAINTENANCE

1. Purpose

This document provides operational procedures for the management of maintenance and repairs to roads and facility structures on Treasure Island (TI) and Yerba Buena Island (YBI). Included are responsibilities for furnishing professional engineering support services, and the management of the Plan Room located in Building one. This plan is a working document and may be changed, altered, amended or revised due to actual field conditions, circumstances or mutual agreement.

2. Work Execution for Buildings and Roads Maintenance

Offices and Work Spaces: Office space in Building 1 is the Department of Public Works (DPW) base of operations, office space and contact point with other agencies, departments and civilians. The fenced, lockable and paved area surrounding building 225 (auto/hobby shop) is currently being used by DPW to store vehicles and equipment. Building 225 itself is used for storage, repair, and a staging area and as auxiliary offices.

Employee Assignment: Line and or staff personnel are assigned to fulfill the DPW duties and responsibilities at Treasure Island in the most economical and efficient way possible. Therefore, the on site DPW personnel will confine their role to Cooperative Agreement responsibilities except as specifically requested and funded by the Office of the Mayor's Treasure Island Project.

On site personnel will be assigned from but not limited to Stationary Engineers or other crafts and personnel. All assigned or dispatched personnel will be journey level craft persons, construction laborers, custodial personnel, or an appropriate level manager or supervisor.

Regular Inspection and Maintenance of Facilities Covered by the Cooperative Agreement: Regular inspections will be conducted along with routine maintenance by on-site staff or assigned craft personnel as required to maintain those structures mutually agreed upon by the U. S. Navy and the City under the Cooperative Agreement. Major repairs when and if authorized will be assigned to the Bureau of Building Repair, DPW Craft Shop [illegible] systems, fire suppression systems, roofing, elevators, hoists and other specialized systems will be contracted out to private vendors as deemed appropriate by DPW.

Levels of inspection and maintenance undertaken and performed will be determined by the lay up levels [lay up levels are synonymous with maintenance levels as used here] as specified in CNO letter Ser N444B dated 6 Oct 1994. Inspection and repairs performed will follow guidelines in the referenced Building Repair caretaker Maintenance Schedule. Any disagreements on interpretation by DPW of actual levels or condition encountered or recorded should be reduced to writing and presented to the City and County by the Navy for discussion, interpretation and mutual decision. City and DPW interpretations will prevail and be undertaken unless specific disagreement are brought to their attention and agreed to by the City.

Tenant Occupied and Non-Cooperative Agreement Facility Maintenance and Repair: Tenants (private or public) of facilities and other departments may contract with the Bureau of Building Repair, DPW for facility management or repair services through Interdepartmental Work Orders. All work order services will be completed expeditiously and according to prevailing industry standards. Scheduling of regular or one-time repair will be at the availability of materials and personnel. Emergencies involving life, health or safety issues will receive priority status.

Street and Grounds Maintenance: The Bureau of Building Repair will maintain liaison with those DPW entities responsible for street and grounds maintenance at the Treasure Island/Yerba Buena site. The Bureaus of Street Environmental Services and Street Repair will report to Building Repair on conditions, regular schedules of work, and problems that arise from these areas. The Bureaus will report, through appropriate channels, on a regularly basis to the Navy. Both Street Environmental Services and Street Repair will maintain complete records of all work, repairs and costs. Regular street cleaning undertaken by the Bureau of Street Environmental Services will be confined and specifically limited to regular mechanical sweeping of paved streets covered by the Cooperative Agreement but not those covered by a lease or license agreement. Repair and maintenance of streets by the Bureau of Street Repair will be confined to those paved streets covered by the Cooperative Agreement but not those covered by a lease or license. Actual repairs will be confined to reasonable repairs or emergency backfill after notification of a problem or circumstance. Resurfacing of streets by the Bureau of Street Repair will be done with prior approval by the Navy.

2B. Work Execution for Professional Engineering and Plan Room Services

DPW will provide engineering support as required for the proper maintenance and repairs of the roads and facility structures on TI and YBI. Engineering support will include DPW coordination efforts with other City agencies, and technical expertise involving the civil, electrical, mechanical, structural, architectural, and landscape architectural fields.

Plan Room management will be established to facilitate retrieving plans previously organized by the Navy. DPW does not intend to have full-time staff stationed at TI to provide Plan Room related services. However, DPW through its Bureau of Engineering will dispatch personnel to TI to provide Plan Room related services on an as-needed basis. Procedures will be implemented to provide documents to requesters timely.

Reproduction equipment turned over by the Navy is limited to small-scale reproductions only. Reproduction equipment does not have reducing or enlarging capabilities. DPW will implement procedures to use reproduction services provided by an outside vendor. To recoup reproduction costs which are not charged to the Navy, DPW intends to charge a flat fee of $5.00 per sheet (irrespective of drawing size) when such outside reproduction services are utilized. Payment shall be by check made payable to DPW, and shall be due at the time of document pickup.

To properly manage control of the Plan Room, access will be limited to only DPW personnel. All requests for plans and reports shall be directed to (415)558-4061 or (415)558-4067.

3. Reporting Procedures

The Mayor's Office and the Navy will schedule regular meetings on site. The purpose of the these meetings will be to:

- report on the previous work and events
- report on special work scheduled for the next period of time
- report on grounds and streets as appropriate
- advise the Navy and Mayor's Office of possible future problems

Records of all inspections, deficiencies noted, and corrections made will be recorded and available for review by the Navy upon request and sufficient notice. A log of all Plan Room requests received will be provided to the Navy on a monthly basis.

Around the clock emergency response will be available through the Department of Public Works. During normal business hours, calls should be placed to the Bureau of Building Repair personnel stationed at Treasure Island either at their offices or pager numbers. If Building Repair personnel are not immediately available at the Naval Station, a Project Coordinator at our Bureau offices at Telephone (415) 695-2030 can be contacted for assistance. Emergency calls after hours, on weekends and holidays should be placed to the Department of Public Works Emergency Hotline at (415) 695-2020. Requests for assistance through the Department's Hotline will be directed 7-days a week to the appropriate Operations bureau or other entity.

4. Allocability and Voucher Preparation

An existing computerized system will be utilized to track costs for both labor and materials. Costs for work covered under the Cooperative Agreement will be encumbered and charged against Mayor's Office funds that have been work ordered to the Department of Public Works through the City Work Order system. Those Navy funds allocated to the Department of Public Works for work undertaken under the Cooperative Agreement will have a single identifying Job Order Number. All work performed under the Cooperative Agreement will be charged to and identified by this number. Non-Cooperative Agreement work requested by the Mayor's Office Treasure Island Project will be charged and identified by a different and separate Job Order Number provided by the Mayor's Office. The Department of Public Works will, in general, defer the interpretation of, direction to perform and responsibility for deciding whether any particular work, job or project should be charged against funds encumbered for Cooperative Agreement work to the Mayor's Office Treasure Island. Work requested by and performed for other City departments or other entities at the closed Naval Station will be charged to and identified by separate Job Order Numbers.

In cases of life, health or safety, only remedial repairs or procedures to alleviate an immediate threat will be undertaken without prior approval.

5. Animal and Pest Control

Any animal or pest control problem mutually considered by the Navy and the City to be covered by the Cooperative Agreement will be referred to private vendors as approved by the City or deemed appropriate by the Department of Public Works. Pest Control services will be conducted in accordance with the Integrated Pest Management Policy adopted by the City and attached.

6. Recall List

A limited, current and updated telephone list will be provided to the U. S. Navy and the Mayor's Office Treasure Island Project staff. The Mayor's Office, Navy and tenants are directed to use the Department of Public Works Emergency Hotline at Telephone (415)695-2020 to obtain assistance or request off hour response of DPW personnel.

Vehicle Logistics

1. Purpose

The purpose of this section is to delineate the conditions, locations, and maintenance of Navy vehicles assigned to the Department of Public Works.

2. Vehicle Use and Assignment

The Navy assigned vehicles to the Department of Public Works, Bureau of Building Repair. These are used by on-site personnel and shops located within the City to transport personnel and materials to, from and around Treasure Island. In order to utilize, maintain, and fuel these vehicles, however, it is necessary to park the vehicles at various San Francisco Public Works locations for periods of time up to several days depending on servicing requirements and staffing availability
The vehicles not assigned to a specific shop serving Treasure Island will be stored inside the locked enclosure surrounding Building 225 (Auto Hobby Shop).

3. Department of Public Works Responsibilities

DPW assumes primary responsibility for performing regular vehicle maintenance and repairs. All service and fueling will be accomplished through the City Purchaser's Central Shops, funded through the Mayor's Office to DPW for the Treasure Island Project. In addition, vehicles assigned to DPW will have a number assigned and placed on vehicle front doors along with a City Seal. Navy identifying numbers and lettering will be retained through the course of this agreement.

4. General Conditions of Use

Vehicles will in general be reserved for service of the closed Naval Station facilities. The Department reserves the right to substitute City owned vehicles for servicing Treasure Island if maintenance, equipment, or scheduling requirements so indicate.

FUNCTIONAL ANNEX 5

PERSONAL PROPERTY MANAGEMENT AND COOPERATIVE AGREEMENT SERVICES

5.0 Personal Property Management

5.1. Description

5.1.1. The Personal Property Management Service for the closed NS Treasure Island includes the management and work execution resources necessary to maintain accountability for government owned personal property remaining at the closed base. The personal property is grouped into several broad categories, including property staged for reuse, property issued for reuse, property issued to the Caretaker to support the cooperative agreement, and property retained by the Navy to support CSO operations.

5.1.2. The personal property is stored in various locations throughout the closed NS. Items with a value of greater than $5,000 are inventoried and listed individually in a personal property database developed by the Navy. Items of less than $5,000 are in bulk inventory and listed by bulk line item in the database.

5.2. Concept of Operations

5.2.1. The Caretaker will provide a Personal Property Manager who will manage all functions related to the control and accountability of all remaining government owned personal property, including storage, security, inventory, issue/receipt, and data base maintenance.

5.2.2. The Caretaker will cooperate with the Navy CSO staff in the execution of work associated with this function.

5.3. Government Furnished Property/Equipment (see the Technical Exhibits section to this annex)

5.3.1. The Caretaker shall manage and update changes to the GFP/GFE Technical Exhibits and submit updated copies to the Navy for review.

FUNCTIONAL ANNEX 5.A

COOPERATIVE AGREEMENT MANAGEMENT

5.A. Cooperative Agreement Management

5.A.1. Description

5.A.1.1.The Cooperative Agreement Management function has six primary purposes: provide dedicated, over-arching execution management of the entire agreement, coordinating execution among Police, Fire, Public Works, City support staff, and City contractors (including utility companies) providing support to this agreement.

a. coordinate directly as one component of a three-part management team with both the local Navy Engineering Field Activity West (EFA West) representatives and City of San Francisco staff.

b. provide resources for City general and administrative (G&A) costs incurred by the City in support of this agreement, including senior City management support, personnel administration, legal counsel, information systems support, contracting support, and financial management support.

c. provide dedicated information system capability to construct and maintain a bridge from Navy controlled information to City controlled information.

d. provide dedicated financial management capability to ensure all Caretaker costs that are allowable and allocable to this agreement are captured.

e. provide dedicated management of plan and blueprint inventory, distribution, and copying of repository located in room 14A of Building 1.

5.A.2. Concept of Operations

5.A.2.1. The Caretaker shall provide a Cooperative Agreement (CA) Manager to lead and manage the City's efforts under this agreement. This CA manager shall coordinate directly with the Director of City of San Francisco Treasure Island Project Staff, the Director of Public Works, the Chief of Police, the Chief of Fire Department, and other City staff members. The CA Manager shall be the City's primary point of contact to the Navy on all matters related to this agreement.

5.A.2.2. The CA Manager shall participate in the development of the full range of functional management plans. The CA Manager shall ensure the functional management plans are carefully developed and submitted for Navy approval by the dates required.

5.A.2.3. The CA Manager shall maintain important data, records, maps, and drawings related to the closed Naval Station.

5.A.2.4.The Caretaker shall establish and maintain appropriate accounting records required to satisfy applicable Federal audit requirements and as backup information for invoices provided to the Navy for payment.

5.A.2.5. The CA Manager and staff shall work cooperatively with the Navy and City of San Francisco staff to develop integrated management processes to ensure effective and efficient use of resources.

5.A.2.6. The CA Management staff shall collocate with the Navy CSO in Building 1 on the closed NS.

5.A.3. Invoice Verification Procedures

5.A.3.1. Quality Assurance Inspections

5.A.3.1.1 The Caretaker shall provide a copy, upon request, of the Caretaker work order listing for all work ordered under the Cooperative Agreement to the CSO OIC.

5.A.3.1.2 The CSO OIC or his designated representative will annotate the work order listing showing the projects, scheduled for completion during the current month, that will be inspected. The listing will then be returned to Caretaker.

5.A.3.1.3. The CSO OIC or his designated representative shall conduct inspections documenting findings using an Inspection Form, and file this form in the monthly invoice verification file for the current month located in the CSO Cooperative Agreement files.

5.A.3.2. Invoice Verification

5.A.3.2.1. The Caretaker shall provide copies of both the *Monthly Expenditure Summary Report* and the detailed *Cooperative Agreement Monthly Reports* to the CSO OIC as soon after their publication as possible (generally the second week of month following the report period). *The Monthly Expenditure Summary Report* is a report prepared by the Caretaker that provides a summary of the current FY budget, direct and indirect costs expended during the month, total monthly costs, cumulative annual costs, FY balance, percent of budget expended and previous month cumulative costs for each budget line item. The detailed *Cooperative Agreement Monthly Report* is a report prepared by the Caretaker which summarizes costs by Work Order No., function charged (or type work accomplished), employee no., date charged, and labor, material, equipment, contract costs, and total costs.

5.A.3.2.2. The CSO OIC or his designated representative will review these reports, applicable Work Request Authorizations, and all inspection reports.

5.A.3.2.3. If no questioned or disallowed costs are noted, the CSO OIC or his designated representative shall forward the invoice (Standard Form 1034 and Standard Form 1035A) to the Grants Administrator for processing of payment . The CSO OIC shall also complete a copy of the Invoice Verification Memorandum and forward this memorandum to the Grants Administrator.

5.A.3.2.4. For any questioned or disallowed costs, the CSO OIC will schedule a meeting with Caretaker to review and reconcile the disputed costs. The meeting will be scheduled to occur within five working days of receipt of Monthly Expenditure Summary Report and the detailed Cooperative Agreement Monthly Report.

5.A.3.2.5. During the meeting outlined above, the CSO OIC, and/or his designated representative, and Caretaker will reconcile all problem areas found by the CSO OIC during the review. The Caretaker will take informal meeting minutes indicating agreed upon changes and disputes and provide a copy to the CSO OIC. The Caretaker will make any agreed upon corrections and resubmit a corrected copy of the monthly expenditure summary to the CSO OIC within two working days of the meeting.

5.A.3.2.6. Immediately upon resubmittal of the corrected copy of the Monthly Expenditure Report, the CSO OIC shall submit the invoice (Standard Form 1034 and Standard Form 1035A)to the Grants Administrator for payment.

5.A.3.2.7. Where Agreement cannot be reached between the parties with regards to the contents of the invoice, the disagreement will be noted and dispute remedied as stipulated under Article X of the Cooperative Agreement.

Copies of all documentation referenced above shall be filed in the CSO invoice verification file.

TECHICAL EXECUTION PLAN
FOR
ANNEX 5
FINANCIAL & PERSONAL PROPERTY MANAGEMENT PLAN

FINANCIAL MANAGEMENT PLAN

This Technical Execution Plan (TEP) for Financial Management will guide the allocation of expenses reimbursable under the Cooperative Agreement between the Treasure Island Development Authority (Authority-and the U.S. Navy and expenses that are not reimbursable under the Cooperative Agreement.

The Authority and the Navy entered a Cooperative Agreement (CA) to assist the Authority with the maintenance of the facilities and infrastructure of the former Naval Base Treasure Island (which includes the portions of both Treasure Island and Yerba Buena Island owned by the Navy) on behalf of the Navy; while the Authority and the Navy negotiate the conveyance of the former Navy base TI. The CA establishes six categories of activities or functions, the Authority will perform for the Navy, as well as a budget for each, as summarized in Table 1, " Cooperative Agreement Services". Additionally, the Authority has leased from the Navy various TI buildings and facilities for interim uses during the negotiation period. The expenses the Authority incurs to maintain and operate buildings and facilities it leases are excluded from reimbursement under the CA.

The Authority established Index Code 210029 to account for the services it performs which are potentially reimbursable for the period 01 October 2000 through 30 September 2001 . The Authority may incur expenses which are greater than the amounts shown in Table 3, CA Invoice Schedule, however, the Navy will not reimburse the Authority for amounts greater than shown in Table 3.

Expenses not reimbursable under the CA will be charged to other Index Codes based on the location and activities the Authority is authorized to undertake through its leases with the Navy. These Index Codes are summarized in Table 2, "Treasure Island Development Authority Budget Summary by Index Code". Note that the expenses the Authority incurs to maintain and operate buildings and facilities it leases are excluded from reimbursement under the CA

The Authority will bill the Navy monthly for expenses incurred under the Cooperative Agreement. For all functions the Authority will bill at the rate of 1/12 of the agreed maximum annual expense and summarized in Table 3.

Table 1: COOPERATIVE AGREEMENT SERVICES		
Functional Annex	Description	Index Code 210011 Budget
1	Public Safety (Police, Fire, Security, Emergency Medical)	$0
2	Telephone Cable Maintenance	$0
3	Grounds Maintenance	$55,000.00
4	Building and Roads Maintenance Services	$25,000.00
5	CA & Personal Property Management	$0
6	Utility Services & Maintenance	$65,000
	TOTAL	$145,000

Table 2: TIDA BUDGET SUMMARY BY INDEX CODE		
Index Code	Description	Budget
210009	Treasure Island Administration	$
210016	Treasure Island Special Events	$
210017	Yerba Buena Island Special Events	$
210018	TI Film Studio & Commercials Rentals	$
210019	TI Film Permits	$0
210020	YBI Film Permits	$0
210021	TI Marina	$
210022	TI Housing	$0
210023	YBI Housing	$0
210010	Federal OEA &EDA Grants	$0
210011	TIDA/Navy Cooper ative Agreement	$145,000.00
210012	State of California Grants	$0
	TOTAL	$

Table 3: CA INVOICE SCHEDULE		
Functional Annex	Annual Budget	Monthly Invoice
1-Public Safety	$0.00	$0.00
2-Telephone Cable Maintenance	$0.00	$0.00
3-Grounds Maintenance	$55,000.00	$4,583.33
4- Building and Roads Maintenance Services	$25,000.00	$2,083.33
5-CA & Personal Property Management	$0.00	$0.00
6-Utility Services	$65,000.00	$5,416.67
TOTAL	$145,000.00	$12,083.33

PERSONAL PROPERTY MANAGEMENT PLAN

The Treasure Island Development Authority (TIDA) Project office will provide property management services in a cooperative effort with the CSO until the ultimate conveyance of all property to the City.

A master list of all property issued for re-use and property issued to the caretaker for support of the Cooperative Agreement shall be maintained by the TIDA Project Office in both hard copy and electronic form. The TIDA Project Office will make weekly backups of its data bases.

Property will be requested on a standard form from a City department. The request will flow through the Facilities Manager, the TIDA Executive Director, and the CSO. The Facilities Manager will distribute the property if the request is approved at each level.

The control, inventory, accountability and responsibility to maintain the assigned property shall be the responsibility of the department receiving the property. The receiving department shall be responsible for maintaining the property to City department standards. All City departments that receive property shall maintain it in proper working order for its expected life. All vehicles and equipment received will be surveyed annually and their condition report forwarded to the Facilities Manager and CSO. All surplus property will be disposed of in timely fashion in a way that meets with the CSO's approval. The City Departments shall be responsible for the disposal of property assigned to them.

Technical Exhibit 1-1
Public Safety (Fire Protection and Emergency Services)
Documentation
RECORD KEEPING SERVICES

Records, documentation, recorded or documented instructions and record keeping systems. Fire department recorders, documentation, instructions, reference, training materials, and their systems will include but not be limited to:

a) Fire prevention records, documentation, instructions, reference and training materials.
b) Fire suppression records, documentation, instructions, reference and training materials.
c) Hazardous materials records, documentation, instructions, reference and training materials.
d) Emergency/Medical services records, documentation, instructions, reference and training materials.
e) Fire alarm maintenance records, documentation, instructions, and reference materials.
f) Fire Department communications equipment maintenance records, documentation, instructions, and reference materials.
g) Water system maintenance records, instructions and reference materials.
h) Vehicle maintenance records, instructions, and reference materials.
i) Fire fighting equipment maintenance records, instructions, reference and training materials.
j) Disaster preparedness records, documentation, instructions, reference and training materials.
k) Training records and documentation.
l) Response records and documentation.
m) Utility back-up systems records, documentation, instructions, reference and training materials.
n) Records, and documentation relating to construction, utilities, seismic studies, hazardous material abatement, remodeling and/or retrofitting, and layout.

Technical Exhibit 1-2
Public Safety (Police and Security Services)
Government Furnished Property

The following property of the Government shall be used by the Caretaker in the implementation of this function:

Provided under separate cover to TIDA, due to database size and format.

Technical Exhibit 1-3
Public Safety (Fire Department)
Government Furnished Property

The following property of the Government shall be used by the Caretaker in the implementation of this function:

Provided under separate cover to TIDA, due to database size and format.

Technical Exhibit 2-1
Telephone Cable Maintenance Services
List of Government Facilities

Provided under separate cover to TIDA, due to database size and format.

Technical Exhibit 3-1
Grounds Maintenance Services
Government Furnished Property

The following property of the Government shall be used by the Caretaker in the implementation of this function:

Provided under separate cover to TIDA, due to database size and format.

Technical Exhibit 4-1
Building Maintenance Services
List of Government Facilities

Provided under separate cover to TIDA, due to database size and format.

Technical Exhibit 4-2
Roads Maintenance Services
Government Furnished Property

The following property of the Government shall be used by the Caretaker in the implementation of this function:

Provided under separate cover to TIDA, due to database size and format.

Technical Exhibit 5-1
Personal Property Management Services
Government Furnished Property

The following property of the Government shall be used by the Caretaker in the implementation of this function:

Provided under separate cover to TIDA, due to database size and format.

Technical Exhibit 5-2
Cooperative Agreement Management Services
Government Furnished Property

Provided under separate cover to TIDA, due to database size and format.

Technical Exhibit 6-1
Utilities Services
Government Furnished Property/Equipment

The following property of the Government shall be used by the Caretaker in the implementation of this function:

Provided under separate cover to TIDA, due to database size and format.

Technical Exhibit 6-2
Electrical Power Services
List of Government Facilities

Provided under separate cover to TIDA, due to database size and format.

Technical Exhibit 6-2
Water Services
List of Government Facilities

Provided under separate cover to TIDA, due to database size and format.

Technical Exhibit 6-2
Sanitary Sewer Services
List of Government Facilities

Provided under separate cover to TIDA, due to database size and format.

Technical Exhibit 6-2
Natural Gas Services
Government Furnished Property and Equipment

Provided under separate cover to TIDA, due to database size and format.

Technical Exhibit 6-2
Storm Water Control Services
List of Government Facilities

Provided under separate cover to TIDA, due to database size and format.

FUNCTIONAL ANNEX 6

UTILITIES SERVICES

6.1. Description

6.1.1. The Utilities Services function provides for maintenance and operation of electric, natural gas, sanitary sewer, sewage treatment and storm sewer systems by the Caretaker as well as for establishment of rates and collection of revenue to offset operating costs.

6.1.2 The Caretaker may use Building 264 and storage lot 292 at Treasure Island for performance of the Utilities Services function.

6.2 Concept of Operations

6.2.1. Lease of Utility Systems to the Treasure Island Development Authority: It is the intent of the Caretaker to enter into a lease for Navy owned utility systems serving Naval Station Treasure by the signing of EDC/LIFOC for the property. Prior to execution of the planned lease, and within the term of this agreement, the Caretaker will operate utility systems in accordance with requirements of this Annex and of the Technical Execution Plan for Utilities Management which is attached to and made part of this agreement. After execution of the lease, provisions of this agreement pertaining to utilities operations will be extinguished and requirements of the lease will prevail.

6.2.2 Assumption of Environmental and Operating Permits by the Caretaker: The Caretaker agrees to cooperate with the Navy and regulators to support the timely transfer of the permits required for the continuing operations of the Caretaker. This includes updating the permits to provide the organizational name(s) of the current operators for purposes of reporting required under the permits. The Caretaker will operate utilities in conformance with applicable permits and will perform regular monitoring and reporting required by these permits. All responses (written or oral) to violations or operations outside the permit limits will be brought to the immediate attention of the Navy, however, the responsibility to operate within the permit limits rests with the Caretaker. Specific schedules for transfer of the below listed permits shall be included in the EDC MOA, LIFOC and any other leases entered into by the Navy and the Caretaker.

- State of Calif. – Health and Welfare Agency, Water Supply Permit No. 02-04-95P-3310702
- BAAQMD Permit to Operate Air Emissions Sources for Plant # 479
- RWQCB NPDES General Storm Water Permit No. CAS000001 for Facility WDID No. 238S012140
- RWQCB NPDES Waste Water Treatment Plant Permit No. CA0110116 Operations Under This Agreement Prior to Leasing
- California Department of Public Works Permit S.F.O.B.B. #16 of 22 November 1944

6.2.3 *Operations*

6.2.3.1 The Caretaker will operate and maintain utility systems at Treasure Island and Yerba Buena Island, as described in the applicable Technical Execution Plan (see paragraph 6.2.3.3), including electric,

natural gas, water, sanitary sewer, storm sewer and sewage treatment systems. The Caretaker will defray associated costs through revenue generated by charging uniform rates established by the Caretaker.

6.2.3.2 All storage and handling of materials and equipment necessary for utility maintenance shall be done in accordance with the Treasure Island Storm Water Pollution Prevention Plan.

6.2.3.3 The Technical Execution Plan (TEP) for this annex is attached and made part of this agreement. The Caretaker agrees to conform to the requirements and guidelines of the TEP that defines the extent of Caretaker responsibility for utilities operations as well as specific operating procedures.

6.2.4 **Purchase of Utility Commodities:** The Caretaker will be responsible for purchase of all electricity, natural gas and water consumed on TI and YBI and for purchase of electric power provided to the east water pump station serving the base. The Caretaker remains responsible per modification P00009 of this agreement, and agrees to make payment for back-up electrical power delivered to Treasure Island under Navy contract during fiscal year 1999. Payment will be made by the Caretaker directly to the Pacific Gas and Electric Co. upon submission of invoices by that company to the Navy.

6.2.5 **Recovering Funds for Consumption by the Navy:** Consumption for which the Navy is responsible have been determined through estimates mutually agreed upon by the Navy and the Caretaker. Estimated Navy consumption is itemized in figure 6-1. Total annual charges will not exceed $48,139.92 annually or $4,011.66 per month.

6.2.5. System Extension and Provision of New Service

6.2.5.1. New Services Requested by the Navy and other Federal Users: Subject to the availability of funds for such purpose, the Caretaker will provide any extension or alteration of systems along with any metering or service connections requested by the Navy or as concurred to by the Navy for other Federal users on the base. The Caretaker will recover costs for such work for other Federal users directly from the *benefiting* agency. Costs incurred for any such work requested by and executed for the Navy will be reimbursed via the provisions of this agreement or by amendment of this agreement as may be required.

6.2.5.2. New Services Required by Lessees or Licensees: The Caretaker may also provide system extensions and alterations along with metering and service connections required to fully and exclusively meter use of water, electricity and natural gas within any premises which may be under license or lease from the Navy during the term of this agreement. Costs for any such work will be recovered by the Caretaker directly from the benefiting Lessee or Licensee and will not be charged to the Navy.

Annex 6, Figure 6-1
Navy Liability for Utilities Consumption
September 99

notes	use	Consumption chargeable monthly	rate	monthly cost	annual cost
[1]	Electricity for CSO (B's 1 and 570)	24 MWH	$121.34	$ 2,912.16	$ 34,945.92
[2]	Natural gas for CSO (B's 1 and 570)	197 MCF	$ 5.10	$ 1,004.70	$ 12,056.40
[3]	Water for CSO	10 KGAL	$ 4.59	$ 45.90	$ 550.80
[4]	Sewer for CSO	10 KGAL	$ 4.89	$ 48.90	$ 586.80
	Totals			$4,011.66	$48,139.92

Notes:
[1] B's 1 & 570 = 10w / sq ft x 9,000 sq ft, 12 hrs per day, 22 days per month = 24 MWH / month.
[2] 30 btu's / sq ft / hr x 9,000 sq ft, 24 hrs per day 365 days per year
[3] 30 GPD / person, 22 days per month assuming average staff including contractors of 15.
[4] equal to domestic water consumption by CSO

TECHNICAL EXECUTION PLAN
UTILITIES MANAGEMENT

Contents

TECHNICAL EXECUTION PLAN
UTILITIES MANAGEMENT

Ref : (a) Cooperative Agreement between the City and County of San Francisco and the U.S. Navy, N62474-97-2-0003, Mod P00012 (period of 01 October 2001 through 30 September 2001)

1.0 Purpose

This document provides general operational procedures for the management of the electric, water, natural gas, and sewer systems on Treasure Island (TI) and Yerba Buena Island (YBI).

2.0 Background (Not used)

3.0 Systems Definitions, Extent of Caretaker Responsibility for Utilities Distribution

The physical extent of each utility system that will be maintained by the Caretaker is as described below. These descriptions apply to all elements of systems on Treasure Island and Yerba Buena Island and water and electric systems deriving in Emeryville and Oakland respectively with the exception of elements of systems serving the U.S. Coast Guard on Yerba Buena island which are beyond designated service points and within the boundaries of Coast Guard owned property. The Caretaker will establish responsibilities within the Coast Guard boundaries through direct negotiations with the Coast Guard.

3.1 Water System: Facilities that are operated and maintained by the Caretaker under the Cooperative agreement consist of the existing water delivery facilities at NAVSTA TI/YBI including:

3.1.1 Supply and delivery pipelines, originating at the supply points for NAVSTA TI/YBI from San Francisco City Distribution System and from the East Bay Municipal Utility District (EBMUD). The Caretaker agrees to conform to all requirements of California Department of Transportation S.F.O.B.B. Permit No. 16 Dated 22 November 1944 as it pertains to operation of the pipeline originating at the East Bay Municipal Utility District service point in Emeryville to the last (upstream) point of attachment of the Bay Bridge on YBI.

3.1.2 Water storage facilities

3.1.3 Water pumping and chlorinating stations

3.1.4 The water pumping station located in pier E23 of the east span of the San Francisco Bay Bridge.

3.1.5 All supply lines that cross through or under any leased or non-leased building for facility that do not serve that building or facility.

3.1.6 For metered buildings and facilities, the Caretaker responsibility ends at the first valve or meter upstream of the building or facility.

3.1.5 For buildings and Facilities that are not metered, the Caretaker responsibility will include all supply lines and water system facilities up to five (5) feet from any building or facility.

3.2 Sanitary Sewer System: Facilities which are operated and maintained by the Caretaker consist of the existing sanitary sewer collection and pumping facilities at NAVSTA TI/YBI, including:

3.2.1 Waste water treatment plant including all facilities within the perimeter fence of the plant and including all piping and appurtenant facilities to the point of discharge to San Francisco Bay.

3.2.2 Waste water-pumping stations

3.2.3 Mainline sewers

3.2.4 Forced mains

3.2.5 Collection and service sewers to the limit of lease holding for leased facilities.

3.2.6 For buildings and facilities which are not leased or otherwise occupied, or which are in use by the Navy or Navy Customers; Collection and service sewers to either [a] the last cleanout upstream of the mainline sewer along the service to the building or facility, or [b] a point five (5) feet from the foundation of the building or facility.

3.3 Storm Water System: Facilities which are operated and maintained by the Caretaker consist of the existing storm water collection and discharge facilities at NAVSTA TI/YBI, including:

3.3.1 Storm water collections system from the transition structure of surface flow entering the below surface piping (including drop inlets and other collection structures). Surface and street flows are not included.

3.3.2 Storm water-pumping stations

3.3.3 Storm water outfalls

3.4 Natural Gas System: Natural gas is delivered to NAVSTA TI/YBI by a supply line owned by the Pacific Gas and Electric Co. (PG&E). PG&E also owns and operates the main meters and pressure reducing stations at the point of delivery. The responsibility of the Caretaker is for all facilities downstream of PG&E facilities including:

3.4.1 Supply and delivery pipeline downstream of the main meter and pressure reduction station located on NAVSTA TI/YBI.

3.4.2 Supply lines to and including that last valve or corporation stop leading to all leased, non-leased, occupied or non-occupied buildings and facilities.

3.5 Electrical Distribution System: Facilities that are operated and maintained by the Caretaker consist of the existing transformation and distribution facilities at NAVSTA TI/YBI, including:

3.5.1 The entire high voltage transmission line serving Treasure Island originating at the point of connection to the breakers at the Port of Oakland's Davis Substation at Point Arnold including overhead and underground elements of the line located on the Fleet and Industrial Supply Center and the Oakland Army Base, the underground element extending from the Oakland Army Base including the junction with

the submarine section of the line and the submarine section including the junction and the underground section of line at Treasure Island to the point of connection at the main Treasure Island substation.

3.5.2 Main substation at NAVSTA TI/YBI.

3.5.3 Distribution system and related equipment between the substations and the end-users.

3.5.4 For metered buildings and facilities, service up to and including the meter.

3.5.5 For buildings and facilities which are not metered or which have dedicated switch-gear or transformers at the building or facility, service to the low side of the dedicated switch-gear or transformer and shall include the dedicated switch gear or transformer.

3.5.6 For buildings and facilities which are not metered and which do not have dedicated switch-gear or transformers at buildings or facilities, service to the weatherhead, building perimeter, or equipment connection.

3.5.7 The Davis Substation at the Fleet and Industrial Supply Center, Oakland, CA.

4.0 Organization and Communication

4.1 Caretaker and Navy: Although there is no requirement for regular meetings between the Caretaker and the Navy, all essential communications (status of environmental clean-up projects, etc.) with the Navy shall be conducted with the appropriate Navy SWDIV ("Southwest Division," the Navy's Facilities Management Headquarters located in San Diego) representative. Notification of planned outages or any other pertinent utilities information shall be forwarded to the Navy Caretaker Site Office with the same consideration and priority as extended to any other utility customer served by the Caretaker.

4.1.1 The Caretaker's Utilities Manager is:

Charles (Chuck) Swanson
Office: TI Bldg 264
Phone: (415) 274-0333 (Home)
Pager: (415) 201-8452

4.1.2 The Navy Representative is:

LCDR M. J. Gough
Office: TI Bldg 1
Phone: (415) 743-4720
Pager: (415) 313-8194

5.0 Preventative Maintenance & Repair Work: Regularly scheduled preventive maintenance and all non-emergency repair work will be executed as determined necessary by the Caretaker. Financial reporting to the appropriate Navy representative is required by provisions of the Cooperative Agreement.

6.0 Trouble Call Response and Reporting

6.1 **Origin and Reception of Trouble Calls:** Trouble calls may be initiated by any customer. The operator at the Caretaker reception desk will, in turn, direct calls requiring response that falls within the scope of the CA to the appropriate Caretaker department or subcontractor. Those requests that do not fall within the responsibility of the CA shall be returned to the initiator with appropriate reason.

6.2 **Caretaker Points of Contact:** In addition to the telephone number of the Caretaker trouble reception desk, the Caretaker shall provide to the Navy Caretaker Site Office an up to date list of telephone numbers for primary Caretaker managers responsible for utilities operations at NAVSTA TI/YBI. This list (see **Caretaker Contacts, Table 6-1**) includes persons at each level of Caretaker management and will be used by the Navy in the circumstances listed below. Individuals on the list will be called in the order listed until contact is made and the requisite responsibility accepted. The Caretaker Contact List will be used when:

[1] Contact cannot be made with the Caretaker trouble reception desk
[2] In cases of emergency
[3] In cases in which responses to trouble calls do not occur within a reasonable time (see response targets of Table 6-2).

Note: Appendix "A" provides operational procedures for Trouble Calls and Emergency response in addition to key points of contact – both Caretaker and Navy.

Table 6-1
Caretaker CONTACTS
For
Trouble Call and Emergency Response

	Name	Title	Number
1	Charles Swanson	Utilities Manager	(W) 415-274-0333 (H) 510-235-7509 (Pager) 415-201-8452
2	Bob Mahoney	Facilities Manager	(W) 415-274-0662 (H) 415-982-4520 Nextel: 850-9696
3	Mario Cuaresma	Senior Stationary Engineer	(W) 415-274-0387 Pager 415-303-0183
AFTER HOURS			
GENERAL EMERGENCY NUMBER: (San Francisco City Distribution Division)			415-550-4956

6.3 Caretaker Trouble Call Reception, Response Targets and Reporting: Upon receiving a request from the CSO or other authorized party for trouble call, the Caretaker reception desk will issue a Trouble Call (TC) number which will serve as a key identifier for the call and will be used to track and report on response. The Caretaker will maintain records of all TC#'s issued along with pertinent details on response and resolution and will provide summaries of this information to the Navy Utilities PM as requested.

TABLE 6-2 Labor Hour and Response Targets			
Type of action	TEP paragraph	Urgency and response targets	
		Routine, note [1] RegHours / AfterHours	Emergency, note [2] RegHours / AfterHours
minor, unscheduled repairs	5.0	8hr / NA	4hr / 4hr
major repair work	5.0	8hr / NA	4hr / 4hr

NOTES: [1] Response required during normal working hours only
[2] Response required 24 hrs / day, seven days / week
[3] N/A - No After Hour

7.0 Emergency Response

7.1 Emergency Requirements

7.1.1 Definition: Trouble calls to the Caretaker will be designated as EMERGENCY requirements where it has been determined or is suspected that immediate action is required to eliminate a threat to human health, the environment, to protect property or to avoid disruption of essential operations. Situations satisfying these criteria may also be observed directly by Caretaker personnel or may be reported to the Caretaker by means other than the normal trouble reception protocol described here. Emergency calls shall be directed to the Caretaker trouble call reception desk at 415-274-0333 or after hours San Francisco City Distribution Division 415-550-4956.

7.1.2Reporting: Direct reporting to the Navy is not required during an event, however, the Caretaker will provide the Navy with a written summary of any "significant event" (major personal injury or death, major property damage, "large" fires for example) that has occurred at TI/YBI.

8.0 System Extension, Provision of New Service

8.1 New Services Requested by the Navy and other Federal Users: Subject to the availability of funds for such purpose, the Caretaker will provide any extension or alteration of systems along with any metering or service connections requested by the Navy or as concurred to by the Navy for other Federal users on the base. The Caretaker will recover costs for such work for other Federal users directly from the other Federal users. Costs incurred for any such work requested by and executed for the Navy will be reimbursed via the provisions of this agreement or by amendment of this agreement as may be required

8.2 **New Services Required by the Lessees or Licenses:** The Caretaker may also provide system extensions and alterations along with metering and service connections required to fully and exclusively meter use of water, electricity and natural gas within any premises which may be under license or lease. Costs for any such work will be borne by the Lessee or Licensee. The Cooperative Agreement (paragraph 6.2.5) forbids delivery of any utility commodity to a premise under lease or license that is not fully and exclusively metered (exceptions may be granted if plans are in place for the installation of subject meter.)

9.0 **Purchase of Utility Commodities:** The Caretaker will be responsible for purchase of all electricity, natural gas and water consumed on TI and YBI and for purchase of electric power provided to the east water pump station serving the base

10.0 **Billing and Payment for Utilities Consumption:** The Caretaker will defray costs of utility commodities purchased and costs of the operation and maintenance of the utility systems through revenues generated by charging uniform rates established by the Caretaker. The Caretaker will enter into Utility Service Contracts (USC's) with all Federal users including the Navy or the Navy's contractors as required. The USC shall contain pertinent information regarding the utilities agreement between the Caretaker and the specific Federal user, including rates. The Caretaker will purchase electricity, natural gas and water including electric power for the east water pump station serving TI and YBI.

10.1 Billing Non-Navy Tenants: The Caretaker will be responsible for billing and obtaining payment from all Lessees, Licensees and non-Navy Federal activities permitted to receive utilities services on the base. Charges to these tenants for use of electricity, natural gas, water and sewer service will be determined by the Caretaker (per Annex 6, paragraph 6.2.3.1). In general, consumption will be read from meters which fully and exclusively measure permitted consumption. Where determined to be more economic, consumption may be determined through engineered estimates prepared by the Caretaker.

10.2 Recovering Funds for Consumption by the Navy: Units of consumption for which the Navy is responsible have been determined through estimates mutually agreed upon by the Navy and the Caretaker. The Cooperative Agreement lists estimated uses and the annual/monthly charges to be billed by the Caretaker.

10.3 Charging for Sanitary Sewer Service: Deleted.

11.0 Outage Management

11.1 Scheduled Outages: The following procedure will be used by the Caretaker for any utility outage not resulting from an emergency or unplanned failure:

11.1.1 Caretaker Action: The Caretaker shall coordinate all outages directly with the applicable parties including the Navy and its contractors. Prior to a scheduled outage, the Caretaker shall contact all customers (including those who may be impacted) that will be impacted and provide the following information:

- Purpose of the outage
- Utilities commodities affected
- Buildings and facilities affected

- Proposed start and completion dates and times.

11.1.2 Coordination by Navy: Navy representative will coordinate the outage request for Navy managed facilities. The Caretaker will coordinate the outage all non-Navy and any affected utilities customers.

11.1.3 Planned Outages: The Caretaker will execute the outage at the agreed upon time. Authorization from the Navy is not required

11.1.4 Disapproved or Cancelled Outages: In cases in which the outage cannot be executed, the Caretaker will revisit all impacted customers and advise them of cancellation or revised outage schedule and why it was necessary.

11.2 Unscheduled Outages: The Caretaker will take immediate action to restore service. Authority from the Navy is not required. An "information-only" notice to the Navy representative is required after the event (verbal or written ok).

12.0 Excavation Management

12.1 Scheduled Excavations: The Caretaker will serve as the initial point of contact for all parties seeking to perform excavations at TI/YBI and will implement procedures to assure that no excavation is permitted without advance clearance with regard to underground utilities (see Annex 6, TEP paragraph 13.0) and from the designated Navy representative for environmental conditions. The following procedure will be used by the Caretaker to obtain Navy concurrence for any excavation not resulting from an emergency or unplanned system failure:

12.1.1 Excavation Process: The Caretaker shall retain established Underground Service Alert (USA) membership for the area encompassing TI/YBI and shall be the initial point of contact for all excavation activities within said region. The Caretaker will locate and, within 48 hours of notification, clearly mark all utilities in the vicinity of proposed excavation prior to start.

12.1.2 Excavation Coordination/Navy Concurrence: Where necessary, the Caretaker will refer excavation requests to the designated Navy representative to ensure environmental conditions of soil in and around the area of the planned excavation site can be conveyed to all parties so that they may plan accordingly.

12.1.3 "Approved" Excavation Requests: In cases in which the excavation plan is acceptable as proposed, the Navy will immediately inform the Caretaker of its concurrence and will provide the Caretaker with any special requirements which may be imposed by the Navy. The Caretaker will then perform the excavation or permit the excavation to be performed by the original requestor at the agreed upon time and in accordance with any special requirements which may be imposed by the Navy.

12.1.4 "Disapproved" Excavation Requests: In cases in which the excavation notification or request cannot be concurred to for environmentally related reason(s), the Navy will propose alternatives in writing to the Caretaker for coordination.

13.0 Marking Utilities Locations:

13.1. **Electric, Gas, Water, and Sewer:** The Caretaker Utilities Manager will locate and clearly mark all electric, natural gas, water, and sewer utilities. Requests for marking and response handled through the trouble call procedure described in paragraph 6.0, above will conform to the response targets of Table 6-2. In addition, the Caretaker will locate and clearly mark all electric, natural gas, water, and sewer utilities in any area in which the Caretaker proposes performing an excavation (see Excavation Management, paragraph 12.0). Marking shall be made based on the Navy provided base maps and the best available local knowledge. The Caretaker will take best efforts to mark abandoned lines to include steam distribution based on available drawings.

13.2 **Telephone and abandoned lines:** For telephone and other lines that are not Navy owned, the USA Dig will be notified. Caretaker Utilities Manager will provide San Francisco Telecommunications with copy of approved Dig Permit (primary 415-550-2725, sec 415-550-2747). The Utilities Manager will coordinate marking of these lines. Abandoned lines will be marked if known based on Navy maps.

14.0 **Maintenance of Government Furnished Vehicles:** The Caretaker has full responsibility for maintenance and repair of Navy-provided vehicles, tools and equipment. The Navy may provide additional equipment, as it becomes available, to support the operation and maintenance at TI and YBI.

15.0 **Environmental and Operating Permit Management:** The Caretaker agrees to cooperate with the Navy and regulators to support the timely transfer of the permits required for the continuing operations of the Caretaker. This includes updating the permits to provide the organizational name(s) of the current operators for purposes of reporting required under the permits. The Caretaker will operate utilities in conformance with applicable permits and will perform regular monitoring and reporting required by these permits. All responses (written or oral) to violations or operations outside the permit limits will be brought to the immediate attention of the Navy, however, the responsibility to operate within the permit limits rests with the Caretaker. The Caretaker will comply with all regulatory requirements.

15.1 **Storm Water Permit:** The Caretaker will completely oversee all monitoring and reporting requirements of the Storm Water General Discharge Permit (issued by RWQCB) and the TI Storm Water Pollution Prevention Plan (sampling, laboratory analysis, and annual report preparation). For the entire duration of the Cooperative Agreement, the Caretaker will support the Navy in the enforcement of permit requirements and the abatement of non-compliance violations noted during tenant/lessee inspections.

Table 15-1

ENVIRONMENTAL PERMITS FOR WHICH THE CARETAKER WILL PERFORM MONITORING AND REPORTING

Item	Permit Type	Issuing Agency	Permit Number	Monitoring Required	Reporting Required
001	NPDES permit for waste water treatment plant	California Regional Water Quality Control Board	CA0110116	Yes	Yes
002	Domestic Water Supply Permit	California Health and Welfare Agency	System No. 3810702	Yes	Yes
003	Permit to Operate all Air Emissions Sources	Bay Area Air Quality Management District	Plant #479	Yes	Yes
004	NPDES permit for storm water discharge	California Regional Water Quality Control Board	CAS000001 Order No.97-03-DWQ Facility WDID No. 238S012140	Yes	Yes

16.0 Responding to Environmental Hazards

16.1 Definition: Environmental hazards, for the purpose of this discussion, are defined as spills or releases of hazardous substances to the soil which pose potential hazards to Caretaker personnel attempting to perform utility systems maintenance or repair or which may pose a threat to human health in general or to the environment. This definition does not include hazardous materials that may be part of utility system equipment or facilities near utility system equipment such as lead or asbestos insulation or lead based paint.

16.2 Awareness: The Navy has undertaken an extensive program under its Installation Restoration Program (IRP) to document and remedy environmental hazards as defined above. Environmental conditions on the base are documented by the *BASEWIDE ENVIRONMENTAL BASELINE SURVEY (1995), SITE SPECIFIC ENVIRONMENTAL BASE LINE SURVEYS (SSEBS),* and by the *BRAC CLEAN-UP PLAN (BCP).* Caretaker personnel engaged in utilities operations should be aware of these sources which show locations and types of contamination at NAVSTA TI/YBI in order to avoid unnecessary contact with contaminated soil. The Caretaker will coordinate with the Navy to obtain the most current maps and characterization of the hazards.

16.3 Procedures: Safety procedures normally observed by the Caretaker should be observed at all times in order to minimize contact with contaminated soil. The following procedures should be followed by Caretaker personnel in the event work is required in an area documented to contain contamination or if undocumented contamination is encountered or suspected.

16.3.1 Planned Excavations

16.3.1.1 In conformance with excavation permit request procedures provided under paragraph 12.0, above, the Caretaker will inform the Navy of the location and planned schedule for any excavation (see 12.1.1).

16.3.1.2 The Navy will provide disclosure of environmental conditions in or adjacent to the excavation area. Disclosure will be communicated to the Caretaker in writing in accordance with excavation request/permit procedures (see 12.1.3).

16.3.1.3 The Caretaker will perform the excavation in accordance with Caretaker health and safety practices, and any applicable Federal, State, or local regulations. The Caretaker will perform the excavation using any required protective equipment.

16.3.2 Unplanned Excavations

16.3.2.1 When soil contamination is encountered or suspected in the course of unplanned excavations, the Caretaker will cease work and immediately contact its Environmental oversight office. The Caretaker and the Navy may then evaluate conditions and determine a course of action.

16.3.3 Disposal

16.3.3.1 In any case in which contaminated excavation spoils are produced (either through an approved planned excavation or through an unplanned excavation) determination of proper management and disposition of the spoils will be the responsibility of the Caretaker.

16.3.3.2 The Caretaker shall be responsible for disposal of soil, water, and other contaminated materials generated as a result of Caretakers excavations.

Appendix A

UTILITIES TROUBLE/EMERGENCY CALL REPORTING PROCEDURES AND IMPORTANT CARETAKER/NAVY CALL LIST

GENERAL EMERGENCY NUMBER: (415)-550-4956, San Francisco City Distribution Division (CDD).

Normal Work Day: Routine service calls will be directed to the Caretakers Service Desk for Utility Services @ (415)-274-0333, or page at (415)-201-8452.

1. CDD will receive call, assign a Trouble Call Number (TC#) and record information in TI book.

2. CDD will dispatch trouble call to appropriate unit:

   a. Water Problems – to on call team
   b. Sewer Problems – (415)-648-6882
   c. Electrical Problems – (209)-989-2099
   d. Natural Gas Problems – call PUC "natural gas" plumbers, NOT PG&E

3. CDD will notify, in the order below, the following individuals for emergencies involving environmental issues, broken water mains, downed electric lines, loss of electric power to an area, any sewer overflow/spill, fire, or other emergency involving personal injury or significant property damage:

   a. Charles Swanson (SF TI Utilities Manager) home: (510)-235-7509; pager (415)-201-8452; Nextel:
   b. Robert Mahoney (SF Facilities Manager) home: (415)-274-0662; Nextel: (415)-850-9696
   c. LCDR Mike Gough (US Navy) home: (415)-845-4392; pager: (415)-313-8194; Nextel: (650)-333-4020
   d. If directed, or unable to contact those above, additional notifications for specific problems are (contact the following):
      (1) Civil Disturbance, Traffic or Fire – SF Police @ 911

APPENDIX B

Glossary of Terms and Abbreviations

Term/abbreviation	Full term	Definition
BRAC	Base Realignment and Closure	Department of Defense initiative to "right size" the inventory of U.S. military installations. BRAC also refers to a set of laws passed with the FY93 and 94 defense appropriations acts which establish processes for promoting interim reuse of closed bases and for accelerating transfer of base property to the affected communities.
CA	Cooperative Agreement	A quasi-contractual instrument under which DOD components, such as the U.S. Navy can financially reimburse reuse authorities or affected communities for performing caretaking functions on closed bases.
Caretaker		The term used to refer to the reuse authority or community agency that takes over base caretaker functions under a cooperative agreement. In the case of NAVSTA TI/YBI, the Caretaker is the City and County of San Francisco.
EBMUD	East Bay Municipal Utility District	Local not-for-profit water company providing water to the east end of the Bay Bridge.
EFA West	Engineering Field Activity West	Field activity of the Naval Facilities Engineering Command which has responsibility for closure and disposal of Navy bases in the San Francisco Bay Area. All CSO's are organizational components of EFA West Code 60.
lessee / licensee		Holder of a lease or license issued by EFA West for use of facilities aboard a closed or closing BRAC installation. In general the lessee is the local reuse authority such as ARRA in the case of NAVSTA TI/YBI, Alameda.
NAVSTA TI/YBI	Naval Station Treasure Island	For the purposes of this SOP, NAVSTA TI/YBI is defined as Treasure Island and Yerba Buena Island.
CSO	Caretaker Site Office (Navy)	The Navy office established at a closed base to oversee the caretaker mission. This duty includes coordination of any Cooperative Agreement which may be established.
Navy Public Works	Navy, Public Works Center, San	The Navy's public works organization in the San Francisco Bay Area. PWCSFB has been the owner

Glossary of Terms and Abbreviations		
Term/abbreviation	Full term	Definition
	Francisco Bay	and operator of utility systems on BRAC bases. The command was disestablished under the BRAC initiative on 26 Sept 1997.
PG&E	Pacific Gas and Electric Company	Local for-profit gas and electric utility provider.
Utilities PM	Utilities Project Manager	Individual assigned to utilities project management.
sublessee, sublicensee		Holder of a sublease or sublicense for use of facilities at NAVSTA TI/YBI.

Notes

MEMORANDUM

TO: Treasure Island Development Authority

FROM: Karen Knowles-Pearce, Chair, Treasure Island/Yerba Buena Island Citizens' Advisory Board

SUBJECT: **CAB Comments Regarding Draft Proposal**

DATE: October 2, 2002

Attached are comments assembled by the three (3) Sub-Committees formed from the Treasure Island/Yerba Buena Island Citizens' Advisory Board (CAB). The Sub-Committees consisted of Housing & Community Benefits; Transportation & Infrastructure; and, Urban Design. The Sub-Committee chairs presented their comments to the CAB, which voted unanimously on all comments contained herein – with one exception.

One member of the Transportation Sub-Committee lobbied hard for a *specific percentage* of autos that could leave the Island during peak hours. The Sub-Committee ultimately agreed, and that comment was included in their original document, but the full CAB voted that down. It was replaced with a revised comment that instead urges *minimizing peak hours trips* and *emphasizing San Francisco's Transit First Policy*. (Item #8 in Transportation Comments.)

The Urban Design Sub-Committee was very concerned that the Proposal lacked a vision that is reflective of the older San Francisco neighborhoods, with their strong individual identities, and sense of place. They felt the proposal lacked variety and was too regimented in its housing style. They felt that – as of now – the Draft does not contain anything that creates a *special image* for the Island when viewed from either "mainland" San Francisco or the East Bay. Members felt that the proposed plan lacks a "skyline" and a strong perception of open space, especially at the west-facing edge of the Island, with most of the open space in the center of the Island.

Some of the Housing and Community Benefits Sub-Committee concerns included the number of low-income units and how they would be filled, as well as a smooth transition and priority placement for existing tenants into the new units. They also have concerns about medical/dental, fire, schools and childcare facilities on the Island, as well as sufficient commercial uses.

The Sub-Committees met a great number of times during the months of July, August & September. The majority of these meetings were attended not only by the Sub-Committee members, but also by members of the public, as well as other CAB members who were not members of that Sub-Committee. The public comments are reflected in the reports.

We appreciate TIDA's consideration of these comments when recommending guidelines for the second Draft Proposal for the Development of Treasure and Yerba Buena Islands.

TREASURE ISLAND/YERBA BUENA ISLAND CITIZENS' ADVISORY BOARD
TRANSPORTATION & INFRASTRUCTURE SUB-COMMITTEE

The Planning & Development Sub-Committee Meeting of August 1, 2002, found that the TICD proposal in general addressed all the evaluation points. The Transportation and Infrastructure Sub-Committee took a closer look and is commenting on issues that require more analysis and details.

SUB-COMMITTEE MEMBERS: Nathan Brennan , Chair; David Bogdanoff; Liz Hirschhorn; Tim Molinare

1. Proposal should state how the shuttle, the bike program, the ferry service will be supported after the capital investments are made. In addition, the proposal's development mix should generate enough funding to support the transportation and utility infrastructure.

2. The Subcommittee commends the selection of Treadwell & Rollo for the seismic design. The proposal should address any internal seismic work needed between the wetlands and the housing.

3. The proposal should address utility system constructability, with any environmental Institutional Controls placed by the Navy.

4. The proposal should address Utility worker safety including: minimization of CAL OSHA "confined spaces", placing utility cutoff valves, vaults and manholes for Safe Access with no, or minimal, traffic control required, and routine procedures need to be simple and safe, such as access to clean storm water vortex separator units.

5. TICD should perform a detailed analysis to determine the feasibility of on island wastewater treatment and water recycling as an alternative to off island treatment, the EBMUD proposal, as part of the environmental analysis. The analysis should include environmental issues, capacities, economics (capital and O&M costs), conveyance costs, reliability, permits (requirements, issues, fees), emergency back up power requirements, and emergency storage requirements.

6. Proposal should address fresh water wetlands vector control (mosquito concerns).

7. TICD and TIDA need to agree on level of infrastructure development, commercial development, and services supplied and supported at each phase to ensure island viability. Ferry and transit infrastructure required for Phase I should be in place prior to any Phase II residential construction, and ferry and transit infrastructure for Phase II should be in place before any Phase III residential construction.

8. The Transportation Demand Management Plan should provide details how it will control off island private auto use (excluding car pools or van pools) to minimize peak hour trips and meet the Transit First Policy.
   (The CAB believes the RFP evaluation criteria, "B.11 Minimizes automobile traffic on the Island and the Bay Bridge and provides for clean, alternative transit modes as the primary means of access, including creating viable and attractive ferry and/or other water transit services." is critical and wanted to establish a numeric goal for the developer to ensure compliance with this criteria. Unfortunately, there is not enough information on what would be a valid number, so the alternative was agreed to at this time.) The Transportation Demand Management Plan should provide details how it will control off island private auto use (excluding car pools or van pools) to less than (17%? ...25%) of trips at peak hour. (Votes: 1 Y; 14 N)

9. Residential parking spaces should be sold and rented separately from the housing portion. The proposal should clarify on street parking as to number of spaces and location, and those levels should be minimized.

10. Proposal should consider an investment in marketing TI as a destination to increase off peak travel (Ideas such as mainland parking included in ferry ticket, public transit transfer discount for transfer to ferry, etc.)

11. Proposal should consider a Water Taxi as a supplement to the ferries, also ferry-transit links to the airports.

12. Proposal should provide details of traffic calming measures.

13. Proposal should provide details of Utility/ corporation yard for equipment storage, materials storage and crew dispatch.

14. Proposal should give serious consideration to renewable energy powered ferries.

TREASURE ISLAND/YERBA BUENA ISLAND CITIZENS' ADVISORY BOARD
URBAN DESIGN SUB-COMMITTEE

SUB-COMMITTEE MEMBERS: Kathrin Moore, Chair; Eugene Brodsky; Jorge Garcia; Anna Shimko; Carrie Wonzer; Catherine Yee

1. The overall effect of the proposal should clearly celebrate and capitalize on the unique beauty and power of the Treasure Island location. With its many uninterrupted sight lines, Treasure Island has the potential to be a terrifically attractive destination for local, national and international visitors, not just a residential and commercial development. The proposal should place significantly more emphasis on features and aesthetics that will attract visitors and generously meet the resulting needs of public recreation and comfort.

2. The housing should be pulled back further from the shoreline on the east and west sides of the island, to create additional open space and recreational uses along the shore, including lawns, viewing areas, water-oriented recreational facilities, civic space and active recreational areas, and to incorporate the San Francisco Bay Trail.

3. The density of the housing is a positive aspect of the proposal. However, the housing design appears too regimented, regularized and uniformly grid-like, and should be altered to more creatively capture the varied sizes and configurations of buildings within San Francisco neighborhoods, to open viewsheds and to incorporate intimacy and sub-spaces.

4. Rehabilitation and use of historic structures should reflect the island's history and enhance opportunities for the public to enjoy such structures. In addition, retention and use of the existing chapel (Building 187) should be seriously considered.

5. The proposal should actively promote the enhancement of the views of the island from San Francisco (to the west) and the East Bay communities (to the east) so that the views of Treasure Island will be interesting, varied and inviting, attracting local, national and international visitors to this uniquely beautiful location.

6. The feasibility of placing a ferry terminal on the west side of the island (instead of or in addition to the one on the east side of the island) should be explored so as to enhance accessibility to the west side of the island and the sense of connection between Treasure Island and the rest of San Francisco.

7. Retail uses that support the gathering of people who reside on and off the island (such as shops, cafes and restaurants) should also be oriented along the east and west shoreline frontages of the housing development.

8. The proposal should be more specific regarding resident-serving recreational facilities and services, such as a gymnasium, a swimming pool, recreational centers, picnic grounds, a grocery store and a drug store. To the extent that such facilities currently exist, consideration should be given to retaining and rehabilitating such facilities.

9. The proposal is premised upon approval of a Tidelands Trust exchange, however, the current land use configuration may not provide the best opportunity for approval of a Tidelands Trust exchange. In addition, it is not clear whether the extent of the exchange proposed is necessary to support viable redevelopment of the island. Any Trust exchange should maximize public benefits.

10. Additional information is needed to determine whether the proposed development team is financially qualified (e.g., sufficient and reliable guarantees are in place) to undertake the development project.

11. More information should be provided concerning the division of financial responsibilities and funding mechanisms for the public amenities included in the proposal.

12. The 30-acre wetland feature is a positive aspect of the proposal.

TREASURE ISLAND/YERBA BUENA ISLAND CITIZENS' ADVISORY BOARD
HOUSING AND COMMUNITY BENEFITS SUB-COMMITTEE

The following is a list of concerns/considerations to be addressed when preparing TICD's response to the draft proposal. The list was compiled via Housing and Community Benefits Subcommittee meetings and comments submitted from the public.

SUB-COMMITTEE MEMBERS: Marinella Goncalves, Chair; Michael DeLane; Jorge Garcia; Gerald Miller; Carrie Wonzer

Housing:

1. Availability of parking – around the units and the Island, in general?
2. Will there be adequate/free open space?
3. Square footage of new units – are they large enough? Concern about density, i.e., crowding more people into smaller areas than are currently available to residents.
4. Concerns about the soil and what the health hazards affecting all residents, especially children.
5. Clarification in defining the percentages of ownership versus rentals of inclusionary units, specifically as it relates to the west side housing plans in the proposal.
6. Number of low-income units and how will they be distributed?
7. What will the process be for transitioning residents currently living here into new units?
8. Why must current TIHDI housing be deconstructed?
9. Further clarification of the housing phasing plan is needed.
10. Rent structure of new housing?
11. Public Trust – is the housing in the right place?
12. Overall placement of housing. Why put housing on less favorable ground? What is the guarantee it will stay there? How does the developer plan to prevent the sinking of housing units on the west side?
13. Scale of buildings – Is there a neighborhood feel? Is it too grid like?
14. Will there be access to views from housing?
15. Community feeling? Does platform style of housing take away character of Island?
16. Population density – Urban vs. Suburban
17. Backyard for all units?
18. Will current residents get priority over new residents for housing?
19. Why are wetland positioned where they are? Are they more than just storm water treatment sites?
20. Small play areas should be integrated and disbursed throughout housing in the plan.

Community Benefits:

1. What are the overall benefits to the T.I. Community?
2. Saturation of Island with plans – what is too little or too much?
3. Will the commercial uses benefit the residents, i.e., grocery store, etc.
4. Gym/Recreational facility for community
5. How will TICD work with the City to bring community benefits to T.I.?
6. Public Trust – benefits to both T.I. and S.F citizens in general
7. Public amenities such as police, fire, emergency, medical to be upgraded/added to YBI? Will more staff be added?
8. Is there a guarantee that both residents and non-residents will be able to utilize the medical/dental services on the Island?
9. Will there be adequate (additional) child care for those who live/work on T.I.?
10. Library on the Island?
11. Arts/Cultural needs of residents – do residents get a voice?
12. Schools – keep existing/add more?
13. Sharing of facilities and outdoor gathering spaces between visitors and residents?
14. Can the Fire Training Academy be utilized?
15. In what capacity will the developer be responsible for developing an Emergency Evacuation plan?
16. Community bike program to help with traffic issues? Include repair and maintenance on Island?
17. What is the plan for alternative modes of transportation on the Island during development?
18. Treasure Island Sailing Center and the current plans for expansion of site facilities
19. Will residents have input as to what business/retail will be on the Island?

Notes

AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Subject: Evaluation of the Response to the Focused Request for Proposal Prepared by Treasure Island Community Development for the Redevelopment of Former Naval Station Treasure Island

Agenda Item No. 11
Meeting of October 9, 2002

Contact/Phone: Annemarie Conroy, Executive Director
Stephen Proud, Director of Development
274-0660

I. BACKGROUND

On June 14, 2000, the Authority authorized the issuance of a Request for Qualifications for a Primary Developer ("Primary Developer RFQ") for former Naval Station Treasure Island. Submittals for the RFQ were due to the Authority office on February 1, 2001. On that date, the Authority received two responses to the RFQ, which were distributed to the Authority Board members for review. The two responses were from Navillus Associates and Treasure Island Community Development ("TICD").

On July 11, 2001, staff presented the findings of an independent review of the two proposals that concluded that TICD met the evaluation criteria set forth in the RFQ and was thus qualified to proceed to the proposal stage, but that Navillus did not meet the evaluation criteria.

Given the low response rate to the RFQ, the Authority directed staff to conduct a brief study to assess the possible reasons for the lack of developer interest and make recommendations regarding how to proceed. On September 12, 2001, staff presented the findings of a report prepared by Bay Area Economics that concluded there are no 'quick fixes' the Authority can undertake to improve the development climate at Treasure Island. To avoid delay and to better assess whether proceeding with TICD's best achieves the Authority's goals, the Authority authorized staff to proceed with the original solicitation process by preparing a focused Request for Proposal ("RFP") for the Board's consideration.

On April 10, 2002, the Authority reviewed the focused RFP and authorized staff to issue the document to Treasure Island Community Development. The RFP was developed via an unprecedented public process that included numerous meetings with the Authority Board, members of the Treasure Island Citizens Advisory Board, and comments provided by organizations, individuals and government agencies. The focused RFP was issued to TICD on April 15, 2002. The RFP contemplates that TICD's proposal will be evaluated in two stages -a draft proposal, and after receiving preliminary comments, a final proposal.

On July 2, 2002, TICD submitted its initial response to the RFP to Authority staff (the "Draft Proposal"). Copies of the Draft Proposal were provided to the Authority Board, members of the

Treasure Island Citizens Advisory Board, the San Francisco Board of Supervisors, and interested members of the public. TICD made presentations of the Draft Proposal at several public meetings held in San Francisco and on Treasure Island to solicit input from the public. In addition, the Treasure Island/Yerba Buena Island Citizen's Advisory Board (the "CAB") has held 16 meetings to discuss the Draft Proposal and prepare comments that have been forwarded to the Authority Board. The CAB will present their comments on the Draft Proposal directly to you. The following sections outline staff's review of the Draft Proposal.

It is important to note that the focus of following discussion is on those areas of the Draft Proposal which staff feels TICD needs to provide additional information or detail. The two-step process was designed to elicit concerns prior to the preparation of the final proposal. While the result of this approach is a document that presents concerns and/or constructive criticism, staff would like to acknowledge that the Draft Proposal contains many positive elements and represents a significant step forward in the planning for Treasure Island. Among the many positive elements are:

- A significant open space program that preserves natural areas and habitat and creates the opportunity for 40 acres of new wetlands.
- A commitment to dedicate 33% of all housing as affordable units.
- Expansion of recreational opportunities including active recreation sites and the retention of existing uses such as the San Francisco Sailing Center.
- A pledge to work with the Treasure Island Homeless Development Initiative to provide economic development options and employment opportunities to former homeless and disadvantaged San Franciscans.
-

II. SUBMITTAL REQUIREMENTS

Overall, staff believes the Draft Proposal is responsive the submittal requirements set forth in the RFP. The following discussion sets forth subject areas that should be expanded or revised as part of the final proposal

A) Development Concept

- ***Land Uses and Development Program***

  ✓ Overall, the Draft Proposal provides significant detail in describing the six proposed districts and the types of activities and development that may occur in each district. However, the development concept includes 20.3 acres of land defined as "flex space." The Final Proposal should better define these areas and provide detail on the types of uses, the anticipated gross square footage for these uses, the compatibility of uses with

adjoining/existing uses, and the level of employment associated with these uses. As noted further below, to ensure compliance with other sections of the RFP regarding the Tidelands Trust and the No-Cost EDC, TICD is strongly encouraged to program job generating uses that are consistent with the Trust for these "flex" areas.

In addition, the development program includes 460,000 square feet of commercial, film production and retail space. TICD should provide additional detail on how these uses will be programmed and how the uses will relate to other uses within the respective districts. For example, will the film/multimedia uses proposed for the historic hangers have a public component; if not, how will those uses co-exist with the proposed active, public nature of Clipper Cove, since film users tend to prefer isolation and quiet locations.

✓ TICD must provide a map that depicts the land use program for Yerba Buena Island to reflect the proposed footprint for the residential development. The Draft Proposal states the housing footprint on YBI will shrink from 13 acres to 7 acres. However, the maps in the proposal show the location of the existing housing only and thus it is difficult to evaluate the impact of the proposed development program on YBI and the ultimate use plan.

✓ Concerns about various maps within the Draft Proposal (i.e., Figures 3, 4, 5, 20, and 21) have been raised w/regard to the depiction of open space in the development program. Areas within the Job Corps Campus, the elementary school, Coast Guard properties, and properties owned by Caltrans are shown as various elements of the open space plan (e.g., the Green Core, YBI Open Spaces, and Main Open Space Areas). These areas are typically not available for general public use, and thus should not be included as part of the Open Space Program. As part of the Final Proposal, TICD should provide graphics that accurately depict the open space program that will be provided by TICD as part of the development program. The Job Corps area should also be clearly differentiated from the rest of TICD's development plan.

- ***Phasing***

✓ The RFP requests that TICD describe the scope and nature of their preferred involvement in the "vertical" development phases of the project. The Draft Proposal indicates that TICD will serve as the horizontal developer, and that "TICD partner members may develop some of the parcels." That description is incomplete. The final proposal should indicate more specifically the expected levels of vertical development by the partner members. This information will be necessary to effectively negotiate business terms for the project

✓ The final proposal should provide greater detail with regard to the phasing of infrastructure improvements, including a graphic depiction of the phasing program. This information is necessary to evaluate the technical feasibility of the proposed infrastructure improvement program.

- *Housing*

  - ✓ TICD needs to provide more information about how the affordable housing element of TICD's proposal works as a whole, and must demonstrate that its overall affordable housing plan is feasible. Specifically, TICD should explain how the plan (including new TIHDI units, inclusionary units and new TIDA units) would be funded through construction. In assessing whether the affordable housing benefits projected in TICD's final proposal are reasonably foreseeable, staff will assume (unless TICD can demonstrate otherwise) that, in addition to free land, the actual construction of every new TIHDI or TIDA unit of affordable housing will require a reasonable local match (the "Local Match"), on top of other traditional state or federal funding sources.

    TICD should allocate in its revised pro-formas sufficient project revenues to provide the Local Match for each unit of new (non-inclusionary) unit that it projects will be built under its plan. To accomplish this goal, TICD may need to reallocate some project revenues (including revenue bond and tax increment bond proceeds) to the construction of affordable housing, instead of applying 100% of such revenues to general horizontal land improvements like utilities and seismic upgrades. TICD may also need to adjust the projected sales price of its market rate housing upward and consider using Mello-Roos or other comparable forms of land-secured financing to help generate additional sources of project funds.

  - ✓ TICD needs to provide more information about how TICD's proposal is consistent with the TIHDI agreement. Specifically, TICD should include a description of how TIHDI units, that under TICD's proposal are to be demolished prior to the expiration of their useful life, will be "bought out" according to the terms of the TIHDI Agreement. If some alternative agreement with TIHDI is proposed to address the loss of such units, the proposed terms and conditions of such agreement should be discussed. TICD's pro formas should be revised to account for any expenditure required to address this issue.

  - ✓ TICD's proposal should explain whether TICD intends to continue the current preference categories for rental units (such as for public safety employees) contained in the John Stewart Company sublease for the remaining life of the existing housing.

- *Transportation*

  - ✓ TICD needs to provide additional information on the cost of providing alternative modes of transit to the Island. Specifically, the RFP requested that TICD prepare a cost analysis of alternative modes of transit, the expected ridership levels, and anticipated transit revenues and necessary subsidies (if any). Based on this information, TICD should articulate their role in providing alternative transit service to and from the Island. Although TICD has proposed an operating subsidy for ferry service to the Island, it is difficult to assess the effectiveness of the subsidy without knowing the total operational costs of the system.

  - ✓ The parking program set forth in the Draft Proposal needs to be more fully developed. The Citizen's Advisory Board, the TIDA Board and members of the public all expressed

concern over the number and location of parking spaces in the Draft Proposal. Staff supports the ratio of no more than one parking space per residential unit, but the on-street and off-street parking ratios and locations need to be more clearly defined to effectively evaluate the proposal.

- ***Urban Design and Historic Preservation***

  ✓ The Draft Proposal provides a substantial discussion of decision-making process and principles that led to the design elements for Treasure Island proper. However, the Draft proposal provides only a brief discussion of the design elements for Yerba Buena Island. In fact, none of the figures included in this section of the proposal address Yerba Buena Island. In the Final Proposal, TICD should provide additional detail about the urban design elements that will shape the character of Yerba Buena Island, including a discussion of how new development will be sited and designed to reflect the natural character of the Island.

  ✓ The Draft Proposal indicates that off street parking will be provided at a ratio of one space per unit, for a total of 2,800 spaces. While Figure 34 provides an overview of the housing typology, and generally lays out the location of the parking, it is difficult to assess what the pedestrian experience will be in the residential neighborhoods. In addition, since these drawings are not shown to scale, it is difficult (if not impossible) to determine if the block pattern and scale set forth in the land use program is sufficient to accommodate the proposed parking program.

  Staff understands that TICD is not proposing architecture for individual buildings at this time and that a detailed Design for Development can only be developed for the site much later in the process; however, staff feels that TICD should prepare a detailed site plan for a representative block to assess the feasibility of the parking program. In addition, TICD should also prepare an elevation of the block to illustrate the how the residential units will relate to the street. This information will assist staff in its evaluation of the character of the streets and neighborhoods.

  ✓ The Draft Proposal should provide a more detailed discussion of how the urban design program meets the basic tenets of sustainable design and smart growth. For example, the proposal could explain if and how the land use pattern program was designed to maximize the use of solar energy, natural lighting and/or natural ventilation.

B) Financial Proposal

Based on the comments provided by the TIDA Board, the TI/YBI CAB and meetings with staff, the financial proposal is expected to change significantly from the Draft Proposal to the Final Proposal. In preparing the new pro forma, TICD should include the following information:

  ✓ The pro forma should reflect the entire expected pre-development timeline and pre-development costs should be broken down by category, separately identifying the estimated cost of each major component of the pre-development process

- ✓ As noted earlier, TICD must provide more information related to the non-residential commercial uses, including a land use program for the proposed flex space and the pro forma should reflect the lease rates and capitalized value of these properties.

- ✓ TICD has proposed an extensive network of new public amenities for Treasure Island including significant amounts of open space and transit improvements such as an intra-island shuttle system. The financial proposal should explain how the capital costs and the operation and maintenance costs associated with these new amenities would be funded on an on-going basis. Staff acknowledges that the Authority will need to prepare a separate fiscal impact analysis to determine the public revenues that will accrue to the City (e.g., transient occupancy taxes) and the cost of core municipal services such as police and fire service, but TICD should identify a renewable source of funds to operate and maintain the island specific amenities.

- ✓ Staff does not believe that TICD's inclusion of a letter from a surety company and a copy of a pro-forma surety policy adequately addresses the requirements of financial assurances requested in the RFP. Rather, as set forth, TICD can satisfy this requirement in a variety of ways, including but not limited to: TICD can either (i) provide complete auditable financial information of the type required by the RFQ for each of the members of the TICD team (other than Lennar which already provided this information), or (ii) TICD can affirmatively indicate that Lennar (the publicly traded company whose financial resources formed the basis of Keyser Marsten's determination that TICD had the financial capabilities to develop this project) will guarantee those obligations of TICD that are not otherwise addressed through commercially reasonable credit enhancement tools like performance bonds, insurance, and letters of credit.

C) Management of Interim Uses

- ✓ TICD has articulated a strong desire and commitment to work with existing interim users on the Island as part of the redevelopment effort. However, in preparing the business proposal, TICD must include information related to the costs associated with its assumption of property management responsibilities, such as building maintenance, landscaping, management expenses, etc. TICD's pro forma should be revised accordingly.

D) Development Team

- ✓ TICD needs to provide more information about its organizational structure and development team. Specifically TICD should identify the respective development and decision making responsibilities of each of TICD's constituent members. The simple organizational chart TICD provided in its draft proposal requires further information.

  Given the withdrawal of Troon Pacific, TICD should also explain how TICD intends to replace any expertise lost as a result of Troon's withdrawal. Since the two characteristics of Troon Pacific that Keyser Marsten focused on most were Troon's experience as a master developer of planned residential communities and Troon's experience in integrating existing built elements (including historic features) into a new larger

development plan, TICD's final proposal should specifically identify how the other remaining members of the TICD team can provide these areas of expertise.

III. EVALUATION CRITERIA

It is important to recognize that the Draft Proposal and Final Proposal are in fact just that – proposals. While many elements of the Draft Proposal can be refined and additional information can be provided in the Final Proposal, it is impossible to address every detail at the proposal phase. By their very nature, some issues will need to be addressed though a more formal negotiation process.

With these limitations in mind, staff conducted a preliminary evaluation of the submittal against the evaluation criteria set forth in the RFP and identified several issues for consideration.

- **Project Feasibility and Timing**

-Financial and Market Feasibility

✓ One of the factors used to evaluate the financial feasibility of the Draft Proposal is the reasonableness of the underlying assumptions used to prepare the pro forma for the project. Staff feels that several of these assumptions should be revisited as part of the Final Proposal. These include such items as: (i) the use of a 15% capitalization rate to derive value for lease hold interests (too high); (ii) the values for the housing (too low); (iii) the ground lease rates for the hotel product (too low); and (iv) the relationship of the financial assumptions related to the costs of rehabilitating Buildings 1, 2 & 3 and projected lease revenues. In addition, the pro forma should assume that space made available to TIDA and for other essential government functions is made available on a rent-free basis.

✓ Staff believes that TICD's proposed financial structure – basically a 50-50 split of project profits after TICD has earned a 25% return - is a subject for discussion for a project of this type, particularly in light of the significant contribution TIDA will be making to the project in terms of both land and financing. Rather, staff believes that any appropriate transaction structure must acknowledge TIDA's contribution of land and financing by providing for some reasonable return to TIDA on its "investment" before TICD receives its entire sought after return. In addition, whether or not TICD is entitled to a 25% return on its pre-development expenditures depends on a number of risk-related factors, including the way in which the final transaction structure prioritizes the parties' respective returns. (Stated differently, the earlier and greater the priority of return, the lower the rate of return.)

However, staff believes that it is impracticable to try to identify an appropriate transaction structure at this time. Many months of intensive pro-forma based negotiations and corresponding project refinements will be required. As a result, staff recommends that TICD simply revise its proposal to acknowledge that the parties will need to agree on a transaction structure that reflects the principles described above.

- ✓ As noted earlier, staff does not believe that TICD's inclusion of a letter from a surety company and a copy of a pro-forma surety policy fully address the requirements of financial assurances set forth in the RFP and thus we are unable to evaluate the strength of the financial guarantee.

-Regulatory Feasibility

- ✓ The RFP states the Draft Proposal should be consistent with applicable Bay Conservation and Development Commission (BCDC) Bay Plan designations. The Bay Plan notes that if and when Yerba Buena Island is not needed by the Navy or Coast Guard, the released areas should be redeveloped for recreational use. Within this use designation, some limited commercial development is allowable, so long as the use is incidental to the park uses.

  It is important to note that BCDC is currently in the process of considering amendments to the Bay Plan policies related to waterfront park priority uses to better reflect land use issues associated with closed military bases. The Draft Proposal contemplates housing will be maintained on Yerba Buena Island. While this use may not be allowed under the current policies of the Bay Plan, there is some indication that the new policies may allow these uses, so long as the revenues are used to improve recreation opportunities on the Island.

- ✓ One of the requirements of the RFP is that the Draft Proposal must indicate how that land use program satisfies the dual requirements of the Navy's No-Cost EDC - job generation and the inclusion of housing only to the extent necessary to achieve "financial feasibility." While the Draft Proposal submitted by TICD does provide information on total number of jobs generated by the project, as noted above, staff feels that additional information on the commercial elements of the land use program and the "flex space" need to be developed and job generation for those uses must be calculated. TICD presented data to the TIDA Board with regard to job generation, which should be included in the Final Proposal.

  With regard to the EDC requirement related to housing, TICD must prepare an analysis as part of their business plan that demonstrates the number of housing units being proposed represents the **minimum** number of units necessary to achieve financial feasibility. This analysis could be in the form of a sensitivity analysis that shows the project returns associated with increasing levels of housing development, from 1,000 to 2,800 units.

- ✓ The RFP lists "Tidelands Trust considerations and/or reasonableness of any proposed Tidelands Trust exchanges" as one measure of regulatory feasibility. Staff offers the following analysis of the extent to which TICD's draft plan meets that criteria based on its review of the draft plan, consultations with the Authority's expert consultants, comments from the CAB, and two meetings with staff of the State Lands Commission:

1. TICD's plan is principally focused on residential uses. In order to ensure compliance with the requirements of the RFP (as well as the Reuse Plan and the No-Cost EDC with the Navy), the final development plan for Treasure Island should create, and be more oriented toward, a broad mix of publicly oriented uses that emphasize recreational, cultural, educational and entertainment uses.

2. The area along the Western shoreline of Treasure Island, with its spectacular views back to the San Francisco skyline and the Golden Gate, represents a unique and important Trust asset. Use of and access to the shoreline must be developed in a way that encourages public use of the area, instead of serving primarily as an amenity for nearby residents. Accordingly:

   a) The area of the Western shoreline dedicated to Trust-consistent public recreational uses should be significantly expanded. Assuming the number of housing units and densities stay the same, some housing will need to be pushed farther inland, around the serpentine park and around the Job Corps.

   b) The development plan should program more active uses along the western shoreline such as restaurants and other attractions oriented to take advantage of the views. The best way to ensure public use is to provide amenities that visitors to Treasure Island are likely to enjoy.

   c) Pedestrian, vehicular and other forms of public access to the shoreline should provide direct access to the Shoreline without going through residential areas. The type of access should emphasize the shoreline's public character and not create the impression that it is as a mere adjunct to the housing.

3. The same comments from paragraph 2 above also apply to the eastern shoreline of Treasure Island, but to a lesser degree because so much of the public use and enjoyment of the waterfront is likely to orient toward the views back to San Francisco and the Golden Gate.

4. The Development Plan should not allow uses that primarily support non-trust uses on Trust land. For example, streets within residential areas, grocery stores, schools and community centers should not be included in Trust property. To avoid doubt, TICD's plan should (to the extent possible) set-aside sufficiently large, contiguous areas for such non-trust uses.

5. Uses like the cultural center and the ball fields (that could, but do not necessarily, serve Trust purposes) need to be designed and programmed

carefully to ensure that they, in fact, adequately serve a Trust purpose if they are expected to be sited on Trust lands.

6. On Yerba Buena Island, the Plan should include larger contiguous areas of non-Trust uses around and between areas of residential use. Interior green spaces that are primarily available to residents should not be sited on Trust lands.

-Technical Feasibility

✓ The RFP notes the Development Concept set forth in the Draft Proposal must consider proposed clean-up activities associated with the Navy's environmental remediation program. TICD has proposed two uses that appear to conflict with the proposed clean-up - a portion of the housing program on the east side of the island and the wetlands located on the north end of the island. In the housing location, the Navy has proposed a commercial clean-up standard, consistent with the uses outline in the Draft Reuse Plan. TICD should articulate how the housing program will be designed to address this standard or how it plans to fund the incremental cost of the additional clean-up necessary for unrestricted residential use.

With regard to the wetlands, this use is being proposed on the existing housing location. As has been well documented, certain portions of the housing site require remediation activity to address contamination related to the disposal of debris material. In the past these remediation activities have addressed concerns related to the residential reuse of the property and have generally been limited to the top four feet of soil. Creating a wetlands in this area will likely expose soils below the four foot depth and the tidal exchange may increase potential exposure to marine life in the Bay. TICD should explain how the wetlands will be constructed to reflect the environmental condition of the site and how the incremental costs associated with the construction will be funded.

✓ Several concerns have been raised over the plan to move wastewater from Treasure Island to the East Bay Municipal Utilities District (EBMUD) treatment facility. While technically feasible, some analysis should be conducted to determine the relative costs of treating the wastewater on site as opposed to shipping to EBMUD and the need to provide an on-site back-up treatment facility in the event the main system should fail.

- **Land Use Plan**

✓ A better description of flex space/entertainment elements of the plan will allow staff to evaluate the effectiveness and diversity of the land use program and compatibility of proposed uses. In addition, a more detailed land use program will provide additional information on the likely traffic impacts from the project.

✓ Staff believes the proposal does not adequately explain how the historic resources on YBI will be utilized as part of the development concept. Specifically, the proposal should address the use of Buildings 262 and Building 10.

- ✓ As noted above, staff is concerned about the proximity of the residential uses on Treasure Island to the shoreline. Much concern has been expressed over the design producing the effect of privatizing the views, particularly on the western shore. The land use program should be reconfigured to maximize public access and recreational opportunities to the Bay and uses that enliven these edges should be included and careful thought should be given to their design. The net effect should be a landscape that is interesting and engaging from both sides of the Bay.

- ✓ The phasing of the housing program appears to be inconsistent with the goals articulated in the RFP that indicate the various types of affordable housing must be phased at the same pace as market rate units and that the units must be evenly distributed throughout the housing area. During the first phase of development, the range of housing options (both affordable and market rate) must be more diverse than just for-sale product.

- ✓ Staff feels strongly that the project should stand alone and that properties owned by the Job Corps or the Coast Guard should not be included or shown as part of the development and open space program. Trail and transit systems should also be internal to the project.

- ✓ Success of the commercial, retail and visitor oriented uses is dependent upon a land use program that creates a critical mass and locates these uses in close proximity to one another. Consideration should be given to moving uses such as the cultural center closer to the Clipper Cove District to achieve a synergy of uses. To the extent retail is located in the residential areas, careful consideration must be giving to the market demand necessary to support these uses.

- ✓ Staff is concerned about the concept that the design of the land use program is structured in a manner that will allow visitors to drive to the Island, park and utilize intra-island transit options. The goal of the plan should be to provide attractive transit options that will make driving to the Island unnecessary

- ✓ As noted earlier, the design of the residential areas and the scale and massing of the buildings necessary to accommodate the parking requirements may have negative impact on the pedestrian experience described in the Draft Proposal. TICD should consider how the buildings relate to the street and some schematic designs should be prepared to assist in the evaluation of the Final Proposal.

- **Economic Development/Financial Impacts on City**

  - ✓ As noted earlier, staff feels that the commercial elements of the land use program and the flex space components need to be better defined. By relying heavily on a residential based program, the diversity of the tax base associated with the project is constrained. Since property tax revenues will likely be used to fund tax increment bonds for capital improvements, it is important that other public revenue sources be established to offset public service costs, such as police and fire service. Typically, revenues such as sales taxes and transient occupancy taxes would be available to help offset these costs.

- ✓ As noted earlier, the Navy has indicated that the development program set forth in the Draft Proposal may not provide enough jobs to satisfy the Navy's requirement for a No-Cost EDC. Additional programming of commercial uses and flex space is required to better reflect the potential employment base at the Island.

- ✓ Several previous comments have noted that elements of TICD's financial proposal will need to be revised to meet the evaluation criteria set forth in the RFP. These include the Authority's participation in the returns from the project, the costs associated with property management functions, and the calculation of Base Rent to the Authority. A complete evaluation of the financial proposal cannot be conducted until these revisions are made.

IV. NEXT STEPS

As set forth in the RFP, evaluation of the response to the RFP is a two-phase process. The comments presented in this staff summary and the comments presented to the TIDA Board by the CAB represent the first phase of the process. TICD now has an opportunity to revise its proposal to address the comments brought forth and to prepare a Final Proposal that will be submitted to the Authority for its consideration by December 6, 2002. Both the CAB and a staff-directed consultant based Review Committee with expertise in relevant subject areas (e.g., planning and urban design, real estate economics, engineering, etc.) will evaluate and analyze the final submittal prepared by TICD, based on the detailed evaluation criteria set forth in the RFP.

The analysis of the Review Committee will be presented to the Authority for its consideration at a public hearing. The Authority Board will make the final decision as to whether to proceed with TICD or take such other action as the Authority may decide in its sole and absolute discretion. If the Authority, based on TICD's final proposal, elects to proceed with TICD as a potential Master Developer for Treasure Island, the Authority will enter into an Exclusive Negotiations Agreement ("ENA") with the TICD. Alternatively, if the TIDA Board determines that TICD's proposal does not sufficiently meet the goals of the Ruse Plan to justify proceeding to exclusive negotiations, the Authority can pursue alternate means of redeveloping the base. Ultimately, the project will be subject to any and all required regulatory approvals and the final plan and related transaction documents will be presented to the Authority Board, the Board of Supervisors and the Mayor for approval in their respective sole and absolute discretion.

Notes

Notes

Notes

Notes

OFFICE OF THE MAYOR
SAN FRANCISCO
TREASURE ISLAND DEVELOPMENT AUTHORITY
410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND

WILLIE LEWIS BROWN, JR.

DRAFT Minutes of Meeting
Treasure Island Development Authority
October 9, 2002

City Hall, Board of Supervisors Chambers
1 Carlton B. Goodlett Place

1.Call to order 1:40 PM

Roll Call **Present:** William Fazande (Vice-Chair)
John Elberling
Gerald Green
Susan Po-Rufino
Marcia Rosen
Doug Wong

Excused: Claudine Cheng (Chair)

2. The minutes of September 11, 2002 were approved unanimously, Mr. Fazande motioned for approval and Ms. Po-Rufino seconded the motion.

3. Director's Report given by Executive Director Annemarie Conroy:
Public Use: Many groups using Island in upcoming month, including Alzheimer's Association, Golden Gate Harley-Davidson Club and Navy Parents Association. Fleet Week upcoming in October. TIHDI Annual Picnic on October 19th and Tri-Cal Events holding 2nd Annual triathlon on November 2nd.
Environmental cleanup status: Draft EECA study was released by U.S. Navy on September 20th, using this document for alternatives to clean-up in Site 12 on Treasure Island
Short term leases: No new short term leases
Caltrans/Bay Bridge: Nothing new to report
Community Issues: Fleet Week during upcoming weekend, large Police Athletic League event upcoming weekend as well
Citizens' Advisory Board: CAB report on TICD proposal to be presented at meeting today. Thanked all CAB members for their hard work in the RFP response review process, especially CAB Chair Karen Knowles-Pierce
TIHDI Report: TIHDI Picnic October 19th from 11am to 4pm encouraged CAB and TIDA members to attend. TIHDI also submitted proposal response which is in Commissioners packets
Financial report: For Fiscal Year 2002, TIDA expended $6.5 million and accrued revenue of $8.2 million. Approximately $1.3 million in spending authority brought forward to Fiscal Year 2003 and approximately $1.6 million in revenues were also brought forward.
Legislation: BCDC moving forward on Bay Plan amendment for closing military bases. Board of Supervisors approved a grant for expenditure for a temporary ferry facility, which was applied for through Federal Highway Administration

Mr. Elberling asked if hangars are being leased much this year.
Ms. Conroy replied that there is not much filming going on in San Francisco, also not many lavish events by computer companies in the wake of "dot-com implosion", but hangars still getting use, most recently by

Blackout Productions and The Hulk films. Also looking at alternate uses and beefing up film industry o Island.

Mr. Elberling asked for an update on the child-care center.
Ms. Conroy stated that TIDA is working with Kidango and the U.S. Navy to clear up issues regarding clean-up around child care center and stop further delays in opening of center. Kidango is concerned because they have trained staff for the center but now losing this staff as center has yet to open.
Ms. Sherry Williams, Executive Director of the Treasure Island Homeless Development Initiative (TIHDI) stated that Kidango is losing grant money because of failure to open child care center.
Mr. Michael Cohen, Deputy City Attorney, suggested a closed session to discuss TIDA liability as a landlord if center remains closed.

4. There were 2 communications, from Treasure Island Homeless Development Initiative and San Francisco Boardsailing Association, regarding the response to the Request for Proposal issued by Treasure Island Community Development.

5. There was no ongoing business discussed by the Commissioners.

6. General Public Comment.

Ms. Williams of TIHDI invited the Commission to the 2nd Annual TIHDI Picnic on October 19th on the Great Lawn on Treasure Island. There will be lots of activities and good chance to see all members of the Treasure Island Community together.

7. Ms. Marianne Conarroe of TIDA staff presented the extension of terms for the sublease with the U.S. Navy for marina, south waterfront, and event venues.

Ms. Rosen asked why the period of time for these extensions is not longer
Ms. Conarroe replied that the period of time is dictated by the Navy. Navy staff indicated to her that this extension is only for 1 year in anticipation of conveyance.

There was no public comment on this item.

Item motioned for approval by Mr. Elberling and seconded by Ms. Rosen
Item approved unanimously

8. Ms. Conarroe presented a 6 month extension of the use permit for use of Pier 1 by California Engineering Contractors/Modern Continental (CEC). Used to load and unload workers and materials for Bay Bridge retrofit work. Stated that staff recommended a 6 month extension.

Ms. Williams spoke regarding difficulties TIHDI has faced getting CEC to comply with mandated TIHDI hiring plan in place on Treasure Island. Have had difficulties getting a response and working in good faith with CEC.

Mr. Fazande asked what recourses were available if CEC is not fulfilling the contract
Mr. Green stated that it appeared that no one from CEC was present at the meeting, and it would "behoove" CEC to be present at the meeting to represent themselves in matters relating to their business.

Ms. Conarroe stated that the hiring issues were more pertinent to main lease for laydown space on Treasure Island than this use permit, but she wanted to simply bring this issue to the Commission's attention ahead of time in order to receive a status report from CEC.

Mr. Cohen stated that it is a matter of policy to decide not to grant them a use permit based on CEC "not being a good tenant in the past". Short-term recourse would be to grant CEC a 30 day permit and have them return at next TIDA meeting to explain hiring issues.

Ms. Conroy stated that TIDA staff can communicate to CEC that CEC needs to come forward next month to present their compliance.

Ms. Rosen moved an amendment to extend the use permit for only one month and require CEC to return to the TIDA board with a report on how they are implementing the required hiring practices.

Ms. Conarroe confirmed that the resolution was amended to extend the use permit for 1 month and calls for CEC to provide a report on their hiring practices by the next TIDA meeting.

Mr. Elberling moved an amendment to modify the end date of the use permit to coincide with the end date of the sublease for CEC's laydown space on Treasure Island.

Mr. Elberling moved to approve the amended item. Mr. Green seconded the amended item.
Item approved unanimously

9. Mr. Stephen Proud, TIDA Deputy Director, introduced an extension of the Cooperative Agreement with the United States Navy, which allows TIDA to provide overall public services to former Naval Station Treasure Island. Grant funding provided by the U.S. Navy yearly to offset operational costs of maintaining the island. This grant funding decreases over time. No funds attached to Cooperative Agreement this year but agreement still necessary to provide services and do work that TIDA does. If approved by the TIDA Board, this item does have to go on to San Francisco Board of Supervisors for ultimate approval.

Mr. Fazande stated that there was an error in the dates of the agreement in the "resolved" clause of the resolution.
Mr. Proud acknowledged this error and stated that it would be fixed and a correct copy provided to the Commission.

No public comment on this item.

Mr. Fazande motioned for approval of the item. Mr. Green seconded the motion.
Item approved unanimously

10. Ms. Karen Knowles-Pierce, chair of the Treasure Island/Yerba Buena Island Citizens Advisory Board (CAB), presented the CAB's comments on the Request for Proposal response submitted by Treasure Island Community Development (TICD). Three subcommittees reviewed the proposal along with the full CAB, Housing and Community Benefits, Transportation, and Urban Design. Thanked Director Conroy for her kind comments regarding the CAB and also thanked sub-committee members for their participation, commitment and hard work.
All subcommittees had serious concerns about how infrastructure will be supported once the developers' investment has ended. Housing and community benefits subcommittee also concerned about this issue. Transportation subcommittee concerned about promotion and implementation of alternate transportation modes, minimization of parking and traffic on both islands, as well as reconstruction issues. Urban design subcommittee felt the proposal lacked a "vision and a skyline" that is often found in older San Francisco neighborhoods, too regimented and lacks variety in housing style. This subcommittee felt here is no "special image" of the Island when viewed from either the West or the East, doesn't place enough emphasis on the Island's historical buildings and quality, and fails to preserve Island's common use buildings, such as the chapel. She stated she hopes the TIDA Board gives the CAB's comments serious consideration when directing the future drafts of the proposal for development.

Mr. Green asked if there was an attempt to formulate an overall goal, as to assure the subcommittees were not in conflict with each other, or to simply get all comments out regardless if they were in conflict with each other.
Ms. Pearce stated that the full CAB as well as individual subcommittees discussed trying to stick to each subcommittee's specific goal and not comment on areas that are part of another subcommittee's scope.
Mr. Green asked if comment that skyline is "boring" implied need for greater height to buildings, or simply more variety.

Ms. Pearce stated that indeed the worry was about uniformity, not height of buildings.
Mr. Green stated that he agreed that open space areas were hidden in the middle of the Island and asked if the CAB felt that maybe some of the open space in the middle of the Island should be exchanged for more open space along coast of Island.
Ms. Pearce stated that there was concern on the CAB that much of the open space was away from the perimeter of the Island, but understands that much of this design was based on direction of winds on Island. However, she would need to go back to CAB for formal statement as to whether this was correct.

Mr. Nathan Brennan, Chair of CAB Transportation subcommittee, stated that goal of charging for residential parking separately was to put a cost on parking so that people evaluate their vehicle needs when moving to Island.

Ms. Rosen asked if developer had a dialogue with CAB during review meetings
Ms. Pearce stated that there was "give and take" with developer during CAB meetings

Ms. Conroy stated that the purpose of public meetings is to get as much public comment as possible and that there are several issues where developer will have to gauge whether it is a "wish list" or whether it is a plan that can actually work.

Ms. Rosen stated she didn't think there was enough information about the skyline for the CAB to make a judgment, since they were looking more at site plans than elevation of buildings. Stated she felt there may be people jumping to conclusions about skyline and architecture, when in reality the plan is not at that stage yet.
Ms. Pearce stated that this reaction seemed to be more based on the CAB looking at the drawings in the first draft of the proposal and it is understandable that there is still a long way to go in the architectural design.

Public Comment:

Mr. Eugene Brodsky, CAB Member, spoke regarding the CAB review of the TICD draft proposal. Stated that Urban Design Committee felt that housing must be pushed back towards central core of Island, as dictated by RFP and RFQ, to make housing economically feasible. Also concerned with "regimented, boring look" of housing close to shore. Stated there has been no qualification of the developers, only the Lenar Corporation's., which is not a member of TICD, financial qualifications have been submitted. He stated that it is his opinion that the City and County of San Francisco is "verging on the improper" in continuing with this development plan without receiving economic qualifications.

Ms. Williams of TIHDI presented TIHDI's response to the draft RFP response. There is no financial provision for the replacement of current TIHDI units. Plan only provides TIHDI with a land pad, no subsidy for replacement of actual units. There is also concern regarding the planning and phasing of the units. Want TIHDI housing to be developed concurrently with market rate units, as to avoid a "Not In My Backyard problem". Needs to be more detail about community resources and support services for all Island residents and specifically TIHDI residents. She stated she hopes that the TIDA Board supports these goals as well.

Ms. Anne Mead, Executive Director of the Soul of America Project, stated that her group is dedicated to creating a significant work of public art on Treasure Island. Stated her support for placing more emphasis on how Treasure Island appears from San Francisco and East Bay, and to emphasize more public use on the Islands.

11. Mr. Proud presented the TIDA staff comments on the RFP response submitted by TICD. Stated that staff has been in the "comment gathering phase" by gaining input from the public and as many agencies as possible. Real goal was to provide comments that will serve as a "road map" for development team. Staff asked TICD to have revisions on the plan submitted by December 6th, 2002. TICD was also asked to make a presentation at the December TIDA meeting that highlights the changes from the original proposal.

TIDA staff, CAB members, and an independent review panel will review the final proposal and submit recommendations at the January or February TIDA meeting.

Ms. Rosen requested a "grid or matrix" outlining the various major issues in the development proposal and the stances taken on these issues by the various bodies reviewing the proposal.
Mr. Proud stated that this was the goal of the next round of analysis and the presentation in December will highlight these issues and any potential changes. He also stated that several letters referenced in the meeting had arrived shortly after the Commissioners packets were delivered the previous week, and staff would deliver the rest of the letters to commissioners shortly.

Mr. Elberling stated that it will take some time to go through the revised proposal. Stated he hopes to see a dramatically revised land use plan and an expanded economic concept among other revisions. It may be necessary to break this review into a few meetings instead of doing it all in December.

Mr. Proud stated that the staff report is organized in a way that resembles the RFP. Several elements of proposal that staff likes, including a substantial open space program, a commitment to an affordable housing program, however the process is in order to highlight areas where more information is necessary. Looking for better clarity in land currently designated for "flex uses", additional details needed for commercial elements and how they interrelate, need more detail regarding Yerba Buena Island both from a mapping context and urban design perspective, better clarity on open space program and what open space looks like. Also several concerns regarding Tidelands Trust, including a plan built around more public elements and improve access to western shoreline. Would also like to see more recreational elements along the eastern shoreline as well. Would like to see more information on plans for the Torpedo House and Historic Quarters 10.
Other groups have stated need for greater clustering of non-residential uses to get better "energy and synergy" out of areas, in order to help support alternative transportation modes. Staff also has questions as to what the "street feel" of residential areas will be, especially with proposed podium parking.

Ms. Rosen asked for clarification on proposed genealogical center.
Mr. Proud stated this is similar in subject to the proposed cultural center

Mr. Proud stated that staff would like a better understanding of the phasing of vertical development, especially the development team's involvement in vertical development and the phasing of affordable units and how they will be mixed in with the market rate units, as TIHDI indicated. Staff would like to see overall a more comprehensive affordable housing program set forward, what the financing of that program will look like, and how the program relates to the THIDI Agreement.

Mr. Elberling stated that it is a matter of policy, reflected through the housing program, as to who will be living on Treasure Island. This is not the business of the developer. There must be a mandate that people working on the Island will have priority to housing. Developer must make assumptions as to average unit size, and board must plan so that unit size and housing program reflects policy as to who will be living on Treasure Island, be it families, singles, adults, students, or seniors.

Ms. Rosen stated that she thought it was clear that the developer was planning on 60% ownership, 40% rental for housing program. Stated she doesn't think it is easy to "blend and morph" issues of preference categories for the housing. There isn't an "easy slide" from rental to ownership in terms of affordability or preference or household size or type. It is her sense that it is not traditional family occupants in John Stewart housing now and household income issues are different as well. Appreciated staff addressing financial feasibility of affordable housing issues and they did a good job "stating the basic dilemma", especially the potential amount of subsidies necessary for the creation of the affordable housing, based on proposed densities and housing types. If there is no local subsidy available, there is no way to measure if the TIHDI units will ever be built and if the local agency parcels will ever be anything more than land pads.
Mr. Cohen stated that it was staff's intention to give developer data from other projects as to what a comparable local match would be for subsidy amounts. Analysis of financial pro forma needs to be done to determine if there is enough money left in the project to support the amount of density that the developers

are providing. Staff can follow up with more specific data from Mission Bay and other projects to "serve as a guidepost".

Ms. Rosen stated that $50,000 to $100,000 per unit should be assumed, any estimate lower that that would be dependent on other revenue sources or "incredible other financing".

Mr. Proud stated two major issues in transportation are parking and alternative transit modes. Staff indicated that an appropriate ration was one parking space per residence, however there is concern about on-street parking as to how much is enough and how much is too much, as well as what other elements can support parking program. Staff has not made a recommendation for the ratio of on-street parking. Also staff wanted to see cost analysis of alternative transportation to have an idea of how the costs would be broken down for these modes of transit.

Mr. Elberling stated it might be worth exploring methods for employers to encourage alternate transportation though ideas such as commuter checks or transportation subsidies for their employees. Suggested having a sense of human reality when discussing parking, especially when considering residents and potential visitors that they may have. Asked what assumptions were for commercial parking on Island. Mr. Proud stated that it is his recollection that there was no level of analysis dealing with strictly commercial parking, only a global amount of parking specified, and also stated that staff would like to see that type of breakdown of parking in the follow-up.

Ms. Rosen asked if residential permit parking had been explored. Doesn't want to have a situation where there is a "car invasion" of workers, people using the marina, and people making day trips overrunning the neighborhoods. Plan can protect residential nature of neighborhood with some type of parking permit, similar to area around UCSF Medical Center, where there is much daytime activity but residential parking is protected. Encouraged board not to think about multiple parking spaces per unit. Location of on-street parking may ultimately be an urban design issue.

Ms. Po-Rufino stated that she agrees with Ms. Rosen on the parking issue, and also feels that balance needs to be a key between creating new housing units, honoring Tidelands Trust limitations, and citizens reuse plan. Also stated she agreed with CAB ideas such as more public space near the shoreline and an interesting skyline.

Mr. Proud continued that staff would like to see better detail on the pre-development budget, better detail for ongoing operation and maintenance costs, need for better clarity of financial guarantees, and clarification of actual structure of business deal itself, including acknowledgement that there are several parties contributing to the project. Other issues include issues such as better detail on interim management costs, better clarity of the roles of different members of the development team, how Bay Plan affects development plan and EDC consistency issues.

Ms. Rosen stated that she will be scrutinizing the financial feasibility and other feasibility issues to assure that the plan is in fact solid enough to become a reality. Board needs to make sure that revenues are there for making all aspects of the project work. Stated that it wasn't clear exactly what rates of return the developer was expecting, especially returns based on public money, and she intends to scrutinize this aspect closely as well.

There was no public comment on this issue.

12. The Commission went to closed session at 3:56 pm
13. The Commission reconvened open session at 3:57 pm
Commissioner Elberling moved to continue Closed Session Item 12 until the November TIDA meeting, Ms. Rosen seconded the motion.
The motion passed unanimously
14. There were no future agenda items discussed by Commissioners
15. The meeting was adjourned at 4:00 pm

OFFICE OF THE MAYOR
SAN FRANCISCO

TREASURE ISLAND DEVELOPMENT AUTHORITY
410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND

WILLIE LEWIS BROWN, JR.

TREASURE ISLAND DEVELOPMENT AUTHORITY
MEETING AGENDA
Wednesday, November 13, 2002 1:30 P.M.

City Hall, Room 400
1 Dr. Carlton Goodlett Place

Willie L. Brown, Jr., Mayor

DIRECTORS

Claudine Cheng, Chair
William Fazande, Vice-Chair
John Elberling
Marcia Rosen
Gerald Green
Susan Po-Rufino
Doug Wong

Annemarie Conroy, Executive Director
Peter Summerville, Commission Secretary

ORDER OF BUSINESS

1. Call to Order and Roll Call
2. Approval of Minutes (*Action Item)*
3. Report by Executive Director Annemarie Conroy (*Discussion Item*)
   - Report on access to Treasure Island including public use last month
   - Status of environmental clean up
   - Report on short-term leases
   - Report on San Francisco-Oakland Bay Bridge/Caltrans issues
   - Report on Treasure Island community issues
   - Report on Citizens Advisory Board
   - Report on TIHDI
   - Financial Report
   - Legislation/hearings affecting Treasure Island
4. Communications (*Discussion Item*)
5. Ongoing Business by Directors *(Discussion Item)*
6. General Public Comment (*Discussion Item*)
   ****In addition to General Public Comment (Item #6), Public Comment will be held during each item on the agenda.****
7. Resolution Authorizing the Executive Director to Execute a Sublease with Island Creative Management for Use of Building 2 (*Action Item*)
8. Resolution Authorizing the Executive Director to Extend the Term of the Land and Structures Master Lease with the United States Navy (*Action Item*)

POSSIBLE CLOSED SESSION

******If approved by the TIDA Board, this Closed Session item will take place for approximately 45 minutes at the end of the meeting******

- Public Comment on all items relating to closed session
- Vote on whether to hold closed session to confer with legal counsel. (San Francisco Administrative Section 67.11 (b). *(Action item)*

9. CONFERENCE WITH REAL PROPERTY NEGOTIATOR
   Persons negotiating for the Authority: Annemarie Conroy, Stephen Proud, Michael Cohen
   Persons negotiating with the Authority: United States Navy
   Property: Former Naval Station Treasure Island
   Under Negotiation: Price___ Terms____ Both X

POSSIBLE CLOSED SESSION

******If approved by the TIDA Board, this Closed Session item will take place for approximately 45 minutes at the end of the meeting******

- Public Comment on all items relating to closed session
- Vote on whether to hold closed session to confer with legal counsel. (San Francisco Administrative Code section 67.10 (d). (*Action Item*)

10. CONFERENCE WITH LEGAL COUNSEL
    Threatened litigation:
    As Defendant: Treasure Island Development Authority
    As Plaintiff: Kidango (formerly known as Tri-Cities Children's Center)
11. Reconvene in open session *(Action item)*
    - Possible report on action taken in closed session under Agenda Item 9. (Government Code section 54957.1 (a) (2) and San Francisco Administrative Code section 67.14 (b) (2).)
    - Vote to elect whether to disclose any or all discussions held in closed session (San Francisco Administrative Code section 67.14 (a).)
12. Reconvene in open session *(Action item)*
    - Possible report on action taken in closed session under Agenda Item 10. (Government Code section 54957.1 (a) (2) and San Francisco Administrative Code section 67.14 (b) (2).)
    - Vote to elect whether to disclose any or all discussions held in closed session (San Francisco Administrative Code section 67.14 (a).)
13. Discussion of future agenda items by Directors (*Discussion Item*)
14. Adjourn

Relevant documents such as resolutions, staff summaries, leases, subleases are available at the Treasure Island Project Office and the Government Information Center at the Main Library, 100 Larkin Street. Public comment is taken on each item on the agenda.

MEETING AGENDAS NOW AVAILABLE ON E-MAIL

If you would like to receive TIDA meeting agendas by e-mail, rather than through U.S Postal Service mail, please send your name and e-mail address to TIDA@sfgov.org.

Disability Access

The Treasure Island Development Authority will meet at City Hall, l Dr. Carlton Goodlett Place. City Hall is accessible to persons using wheelchairs, and others with disabilities. For American Sign Language interpreters or use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please telephone 554-6789 at least 72 hours before a meeting.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals.

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing devices.

The closest accessible BART is Civic Center, three blocks from City Hall at the intersection of Market, Grove and Hyde Streets. Accessible MUNI lines serving this location are: #42 Downtown Loop, #9 San Bruno and the #71 Haight/Noriega. Accessible Muni Metro lines are J, K, L, M and N stopping at the Muni Metro Civic Center Station at the intersection of Market, Grove and Hyde Streets. For more information about MUNI accessible services, call 923-6142. Accessible curbside parking is available on Grove Street.

TREASURE ISLAND WEBSITE

Check out the Treasure Island website at www.sfgov.org/treasureisland to find out about activities and facilities on Treasure Island, special events venues for rent, or to review the Treasure Island Development Authority's agendas and minutes.

Lobbyist Ordinance

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Administrative Code 16.520-16.534] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102, telephone (415) 581-2300, fax (415) 581-2317 and web site http://www.sfgov.org/ethics/.

Know Your Rights Under the Sunshine Ordinance

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review.

For more information on your rights under the Sunshine Ordinance [Chapter 67 of the San Francisco Administrative Code] or to report a violation of the ordinance, contact Donna Hall by mail at Sunshine Ordinance Task Force at City Hall, Room 409, 1 Carlton B. Goodlett Place, San Francisco, CA 94102-4683. The Task Force's telephone and fax numbers are (415) 554-7724 and (415) 554-5163 (fax) or by email at Donna_Hall@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org/bdsupvrs/sunshine/ordinance.

Notes

Notes

OFFICE OF THE MAYOR
SAN FRANCISCO

TREASURE ISLAND DEVELOPMENT AUTHORITY
410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND

WILLIE LEWIS BROWN, JR.

DRAFT Minutes of Meeting
Treasure Island Development Authority
October 9, 2002

City Hall, Board of Supervisors Chambers
1 Carlton B. Goodlett Place

1.Call to order 1:40 PM

Roll Call **Present:** William Fazande (Vice-Chair)
John Elberling
Gerald Green
Susan Po-Rufino
Marcia Rosen
Doug Wong

Excused: Claudine Cheng (Chair)

2. The minutes of September 11, 2002 were approved unanimously, Mr. Fazande motioned for approval and Ms. Po-Rufino seconded the motion.

3. Director's Report given by Executive Director Annemarie Conroy:
Public Use: Many groups using Island in upcoming month, including Alzheimer's Association, Golden Gate Harley-Davidson Club and Navy Parents Association. Fleet Week upcoming in October. TIHDI Annual Picnic on October 19th and Tri-Cal Events holding 2nd Annual triathlon on November 2nd.
Environmental cleanup status: Draft EECA study was released by U.S. Navy on September 20th, using this document for alternatives to clean-up in Site 12 on Treasure Island
Short term leases: No new short term leases
Caltrans/Bay Bridge: Nothing new to report
Community Issues: Fleet Week during upcoming weekend, large Police Athletic League event upcoming weekend as well
Citizens' Advisory Board: CAB report on TICD proposal to be presented at meeting today. Thanked all CAB members for their hard work in the RFP response review process, especially CAB Chair Karen Knowles-Pierce
TIHDI Report: TIHDI Picnic October 19th from 11am to 4pm encouraged CAB and TIDA members to attend. TIHDI also submitted proposal response which is in Commissioners packets
Financial report: For Fiscal Year 2002, TIDA expended $6.5 million and accrued revenue of $8.2 million. Approximately $1.3 million in spending authority brought forward to Fiscal Year 2003 and approximately $1.6 million in revenues were also brought forward.
Legislation: BCDC moving forward on Bay Plan amendment for closing military bases. Board of Supervisors approved a grant for expenditure for a temporary ferry facility, which was applied for through Federal Highway Administration

Mr. Elberling asked if hangars are being leased much this year.
Ms. Conroy replied that there is not much filming going on in San Francisco, also not many lavish events by computer companies in the wake of "dot-com implosion", but hangars still getting use, most recently by

Blackout Productions and The Hulk films. Also looking at alternate uses and beefing up film industry o Island.

Mr. Elberling asked for an update on the child-care center.
Ms. Conroy stated that TIDA is working with Kidango and the U.S. Navy to clear up issues regarding clean-up around child care center and stop further delays in opening of center. Kidango is concerned because they have trained staff for the center but now losing this staff as center has yet to open.
Ms. Sherry Williams, Executive Director of the Treasure Island Homeless Development Initiative (TIHDI) stated that Kidango is losing grant money because of failure to open child care center.
Mr. Michael Cohen, Deputy City Attorney, suggested a closed session to discuss TIDA liability as a landlord if center remains closed.

4. There were 2 communications, from Treasure Island Homeless Development Initiative and San Francisco Boardsailing Association, regarding the response to the Request for Proposal issued by Treasure Island Community Development.

5. There was no ongoing business discussed by the Commissioners.

6. General Public Comment.

Ms. Williams of TIHDI invited the Commission to the 2nd Annual TIHDI Picnic on October 19th on the Great Lawn on Treasure Island. There will be lots of activities and good chance to see all members of the Treasure Island Community together.

7. Ms. Marianne Conarroe of TIDA staff presented the extension of terms for the sublease with the U.S. Navy for marina, south waterfront, and event venues.

Ms. Rosen asked why the period of time for these extensions is not longer
Ms. Conarroe replied that the period of time is dictated by the Navy. Navy staff indicated to her that this extension is only for 1 year in anticipation of conveyance.

There was no public comment on this item.

Item motioned for approval by Mr. Elberling and seconded by Ms. Rosen
Item approved unanimously

8. Ms. Conarroe presented a 6 month extension of the use permit for use of Pier 1 by California Engineering Contractors/Modern Continental (CEC). Used to load and unload workers and materials for Bay Bridge retrofit work. Stated that staff recommended a 6 month extension.

Ms. Williams spoke regarding difficulties TIHDI has faced getting CEC to comply with mandated TIHDI hiring plan in place on Treasure Island. Have had difficulties getting a response and working in good faith with CEC.

Mr. Fazande asked what recourses were available if CEC is not fulfilling the contract
Mr. Green stated that it appeared that no one from CEC was present at the meeting, and it would "behoove" CEC to be present at the meeting to represent themselves in matters relating to their business.

Ms. Conarroe stated that the hiring issues were more pertinent to main lease for laydown space on Treasure Island than this use permit, but she wanted to simply bring this issue to the Commission's attention ahead of time in order to receive a status report from CEC.

Mr. Cohen stated that it is a matter of policy to decide not to grant them a use permit based on CEC "not being a good tenant in the past". Short-term recourse would be to grant CEC a 30 day permit and have them return at next TIDA meeting to explain hiring issues.

Ms. Conroy stated that TIDA staff can communicate to CEC that CEC needs to come forward next month to present their compliance.

Ms. Rosen moved an amendment to extend the use permit for only one month and require CEC to return to the TIDA board with a report on how they are implementing the required hiring practices.

Ms. Conarroe confirmed that the resolution was amended to extend the use permit for 1 month and calls for CEC to provide a report on their hiring practices by the next TIDA meeting.

Mr. Elberling moved an amendment to modify the end date of the use permit to coincide with the end date of the sublease for CEC's laydown space on Treasure Island.

Mr. Elberling moved to approve the amended item. Mr. Green seconded the amended item.
Item approved unanimously

9. Mr. Stephen Proud, TIDA Deputy Director, introduced an extension of the Cooperative Agreement with the United States Navy, which allows TIDA to provide overall public services to former Naval Station Treasure Island. Grant funding provided by the U.S. Navy yearly to offset operational costs of maintaining the island. This grant funding decreases over time. No funds attached to Cooperative Agreement this year but agreement still necessary to provide services and do work that TIDA does. If approved by the TIDA Board, this item does have to go on to San Francisco Board of Supervisors for ultimate approval.

Mr. Fazande stated that there was an error in the dates of the agreement in the "resolved" clause of the resolution.
Mr. Proud acknowledged this error and stated that it would be fixed and a correct copy provided to the Commission.

No public comment on this item.

Mr. Fazande motioned for approval of the item. Mr. Green seconded the motion.
Item approved unanimously

10. Ms. Karen Knowles-Pierce, chair of the Treasure Island/Yerba Buena Island Citizens Advisory Board (CAB), presented the CAB's comments on the Request for Proposal response submitted by Treasure Island Community Development (TICD). Three subcommittees reviewed the proposal along with the full CAB, Housing and Community Benefits, Transportation, and Urban Design. Thanked Director Conroy for her kind comments regarding the CAB and also thanked sub-committee members for their participation, commitment and hard work.
All subcommittees had serious concerns about how infrastructure will be supported once the developers' investment has ended. Housing and community benefits subcommittee also concerned about this issue. Transportation subcommittee concerned about promotion and implementation of alternate transportation modes, minimization of parking and traffic on both islands, as well as reconstruction issues. Urban design subcommittee felt the proposal lacked a "vision and a skyline" that is often found in older San Francisco neighborhoods, too regimented and lacks variety in housing style. This subcommittee felt here is no "special image" of the Island when viewed from either the West or the East, doesn't place enough emphasis on the Island's historical buildings and quality, and fails to preserve Island's common use buildings, such as the chapel. She stated she hopes the TIDA Board gives the CAB's comments serious consideration when directing the future drafts of the proposal for development.

Mr. Green asked if there was an attempt to formulate an overall goal, as to assure the subcommittees were not in conflict with each other, or to simply get all comments out regardless if they were in conflict with each other.
Ms. Pearce stated that the full CAB as well as individual subcommittees discussed trying to stick to each subcommittee's specific goal and not comment on areas that are part of another subcommittee's scope.
Mr. Green asked if comment that skyline is "boring" implied need for greater height to buildings, or simply more variety.

Ms. Pearce stated that indeed the worry was about uniformity, not height of buildings.
Mr. Green stated that he agreed that open space areas were hidden in the middle of the Island and asked if the CAB felt that maybe some of the open space in the middle of the Island should be exchanged for more open space along coast of Island.
Ms. Pearce stated that there was concern on the CAB that much of the open space was away from the perimeter of the Island, but understands that much of this design was based on direction of winds on Island. However, she would need to go back to CAB for formal statement as to whether this was correct.

Mr. Nathan Brennan, Chair of CAB Transportation subcommittee, stated that goal of charging for residential parking separately was to put a cost on parking so that people evaluate their vehicle needs when moving to Island.

Ms. Rosen asked if developer had a dialogue with CAB during review meetings
Ms. Pearce stated that there was "give and take" with developer during CAB meetings

Ms. Conroy stated that the purpose of public meetings is to get as much public comment as possible and that there are several issues where developer will have to gauge whether it is a "wish list" or whether it is a plan that can actually work.

Ms. Rosen stated she didn't think there was enough information about the skyline for the CAB to make a judgment, since they were looking more at site plans than elevation of buildings. Stated she felt there may be people jumping to conclusions about skyline and architecture, when in reality the plan is not at that stage yet.
Ms. Pearce stated that this reaction seemed to be more based on the CAB looking at the drawings in the first draft of the proposal and it is understandable that there is still a long way to go in the architectural design.

Public Comment:

Mr. Eugene Brodsky, CAB Member, spoke regarding the CAB review of the TICD draft proposal. Stated that Urban Design Committee felt that housing must be pushed back towards central core of Island, as dictated by RFP and RFQ, to make housing economically feasible. Also concerned with "regimented, boring look" of housing close to shore. Stated there has been no qualification of the developers, only the Lenar Corporation's., which is not a member of TICD, financial qualifications have been submitted. He stated that it is his opinion that the City and County of San Francisco is "verging on the improper" in continuing with this development plan without receiving economic qualifications.

Ms. Williams of TIHDI presented TIHDI's response to the draft RFP response. There is no financial provision for the replacement of current TIHDI units. Plan only provides TIHDI with a land pad, no subsidy for replacement of actual units. There is also concern regarding the planning and phasing of the units. Want TIHDI housing to be developed concurrently with market rate units, as to avoid a "Not In My Backyard problem". Needs to be more detail about community resources and support services for all Island residents and specifically TIHDI residents. She stated she hopes that the TIDA Board supports these goals as well.

Ms. Anne Mead, Executive Director of the Soul of America Project, stated that her group is dedicated to creating a significant work of public art on Treasure Island. Stated her support for placing more emphasis on how Treasure Island appears from San Francisco and East Bay, and to emphasize more public use on the Islands.

11. Mr. Proud presented the TIDA staff comments on the RFP response submitted by TICD. Stated that staff has been in the "comment gathering phase" by gaining input from the public and as many agencies as possible. Real goal was to provide comments that will serve as a "road map" for development team. Staff asked TICD to have revisions on the plan submitted by December 6th, 2002. TICD was also asked to make a presentation at the December TIDA meeting that highlights the changes from the original proposal.

TIDA staff, CAB members, and an independent review panel will review the final proposal and submit recommendations at the January or February TIDA meeting.

Ms. Rosen requested a "grid or matrix" outlining the various major issues in the development proposal and the stances taken on these issues by the various bodies reviewing the proposal.
Mr. Proud stated that this was the goal of the next round of analysis and the presentation in December will highlight these issues and any potential changes. He also stated that several letters referenced in the meeting had arrived shortly after the Commissioners packets were delivered the previous week, and staff would deliver the rest of the letters to commissioners shortly.

Mr. Elberling stated that it will take some time to go through the revised proposal. Stated he hopes to see a dramatically revised land use plan and an expanded economic concept among other revisions. It may be necessary to break this review into a few meetings instead of doing it all in December.

Mr. Proud stated that the staff report is organized in a way that resembles the RFP. Several elements of proposal that staff likes, including a substantial open space program, a commitment to an affordable housing program, however the process is in order to highlight areas where more information is necessary. Looking for better clarity in land currently designated for "flex uses", additional details needed for commercial elements and how they interrelate, need more detail regarding Yerba Buena Island both from a mapping context and urban design perspective, better clarity on open space program and what open space looks like. Also several concerns regarding Tidelands Trust, including a plan built around more public elements and improve access to western shoreline. Would also like to see more recreational elements along the eastern shoreline as well. Would like to see more information on plans for the Torpedo House and Historic Quarters 10.
Other groups have stated need for greater clustering of non-residential uses to get better "energy and synergy" out of areas, in order to help support alternative transportation modes. Staff also has questions as to what the "street feel" of residential areas will be, especially with proposed podium parking.

Ms. Rosen asked for clarification on proposed genealogical center.
Mr. Proud stated this is similar in subject to the proposed cultural center

Mr. Proud stated that staff would like a better understanding of the phasing of vertical development, especially the development team's involvement in vertical development and the phasing of affordable units and how they will be mixed in with the market rate units, as TIHDI indicated. Staff would like to see overall a more comprehensive affordable housing program set forward, what the financing of that program will look like, and how the program relates to the THIDI Agreement.

Mr. Elberling stated that it is a matter of policy, reflected through the housing program, as to who will be living on Treasure Island. This is not the business of the developer. There must be a mandate that people working on the Island will have priority to housing. Developer must make assumptions as to average unit size, and board must plan so that unit size and housing program reflects policy as to who will be living on Treasure Island, be it families, singles, adults, students, or seniors.

Ms. Rosen stated that she thought it was clear that the developer was planning on 60% ownership, 40% rental for housing program. Stated she doesn't think it is easy to "blend and morph" issues of preference categories for the housing. There isn't an "easy slide" from rental to ownership in terms of affordability or preference or household size or type. It is her sense that it is not traditional family occupants in John Stewart housing now and household income issues are different as well. Appreciated staff addressing financial feasibility of affordable housing issues and they did a good job "stating the basic dilemma", especially the potential amount of subsidies necessary for the creation of the affordable housing, based on proposed densities and housing types. If there is no local subsidy available, there is no way to measure if the TIHDI units will ever be built and if the local agency parcels will ever be anything more than land pads.
Mr. Cohen stated that it was staff's intention to give developer data from other projects as to what a comparable local match would be for subsidy amounts. Analysis of financial pro forma needs to be done to determine if there is enough money left in the project to support the amount of density that the developers

are providing. Staff can follow up with more specific data from Mission Bay and other projects to "serve as a guidepost".

Ms. Rosen stated that $50,000 to $100,000 per unit should be assumed, any estimate lower that that would be dependent on other revenue sources or "incredible other financing".

Mr. Proud stated two major issues in transportation are parking and alternative transit modes. Staff indicated that an appropriate ration was one parking space per residence, however there is concern about on-street parking as to how much is enough and how much is too much, as well as what other elements can support parking program. Staff has not made a recommendation for the ratio of on-street parking. Also staff wanted to see cost analysis of alternative transportation to have an idea of how the costs would be broken down for these modes of transit.

Mr. Elberling stated it might be worth exploring methods for employers to encourage alternate transportation though ideas such as commuter checks or transportation subsidies for their employees. Suggested having a sense of human reality when discussing parking, especially when considering residents and potential visitors that they may have. Asked what assumptions were for commercial parking on Island. Mr. Proud stated that it is his recollection that there was no level of analysis dealing with strictly commercial parking, only a global amount of parking specified, and also stated that staff would like to see that type of breakdown of parking in the follow-up.

Ms. Rosen asked if residential permit parking had been explored. Doesn't want to have a situation where there is a "car invasion" of workers, people using the marina, and people making day trips overrunning the neighborhoods. Plan can protect residential nature of neighborhood with some type of parking permit, similar to area around UCSF Medical Center, where there is much daytime activity but residential parking is protected. Encouraged board not to think about multiple parking spaces per unit. Location of on-street parking may ultimately be an urban design issue.

Ms. Po-Rufino stated that she agrees with Ms. Rosen on the parking issue, and also feels that balance needs to be a key between creating new housing units, honoring Tidelands Trust limitations, and citizens reuse plan. Also stated she agreed with CAB ideas such as more public space near the shoreline and an interesting skyline.

Mr. Proud continued that staff would like to see better detail on the pre-development budget, better detail for ongoing operation and maintenance costs, need for better clarity of financial guarantees, and clarification of actual structure of business deal itself, including acknowledgement that there are several parties contributing to the project. Other issues include issues such as better detail on interim management costs, better clarity of the roles of different members of the development team, how Bay Plan affects development plan and EDC consistency issues.

Ms. Rosen stated that she will be scrutinizing the financial feasibility and other feasibility issues to assure that the plan is in fact solid enough to become a reality. Board needs to make sure that revenues are there for making all aspects of the project work. Stated that it wasn't clear exactly what rates of return the developer was expecting, especially returns based on public money, and she intends to scrutinize this aspect closely as well.

There was no public comment on this issue.

12. The Commission went to closed session at 3:56 pm
13. The Commission reconvened open session at 3:57 pm
Commissioner Elberling moved to continue Closed Session Item 12 until the November TIDA meeting, Ms. Rosen seconded the motion.
The motion passed unanimously
14. There were no future agenda items discussed by Commissioners
15. The meeting was adjourned at 4:00 pm

Notes

Notes

San Francisco Tomorrow

Since 1970, Working to Protect the Urban Environment

October 9, 2002

Claudine Cheng, Chair
Treasure Island Development Authority
Building One, 410 Palm Avenue, Treasure Island
San Francisco CA 94130

Dear Ms. Cheng:

San Francisco Tomorrow appreciates the opportunity to comment on the Draft Proposal Draft Proposal for Treasure Island/Yerba Buena Island presented by Treasure Island Development, LLC (TICD). We took the opportunity to compare the proposal with the proposals that we endorsed in 1997.

1. Create a wetland habitat as part of the stormwater and/or wastewater treatment system. San Francisco Tomorrow is very happy to see wetlands included as a vital part of the Treasure Island open space system. The opportunity to replace some of the Bay's lost wetland habitat is very welcome. In addition, treating stormwater before it flows into the Bay will improve that impaired habitat.

2. Assure that the intent of the Public Trust Doctrine is carried out. The proposal to do an acre for acre public trust exchange between Treasure Island and Yerba Buena Island is disturbing. Our understanding of Public Trust Doctrine is that exchanges are made based on equivalent value, not acreage. We would like to see an evaluation of the exchange carried out, and would also like to see a list of other sites that would be viable candidates for such an exchange.

3. Require that the TI reuse plan conform to San Francisco's Sustainability Plan. We would like to see this plan evaluated by the Department of the Environment for its conformance to the Sustainability Plan. For instance, this proposal wants to ship sewage offsite for treatment, when on-site treatment and reclamation is a viable and more sustainable option. Also, what plans does TICD have to attain energy self-sufficiency? What requirements will new buildings have to attain energy efficiency?

4. Develop a comprehensive transportation plan that excludes all private vehicles except delivery, service, and maintenance vehicles and vehicles necessary to serve the handicapped. This plan is deficient in its proposal to follow San Francisco's Transit First policy. The one-for-one parking proposed for the housing units, as well as the 1000 on-street parking spaces, and 250-space parking garage, all point towards an extreme dependency on the automobile. While the plan mentions a shuttle system, enhanced transit, Car share, and bike paths, these measures are stymied by the apparently unlimited parking availability. We have a few basic suggestions to reduce the auto dependence of this plan:

i. Retail the parking separately from the housing units, and make Car Share part of each housing development. This will improve the affordability of the individual units, and reduce the amount of parking that needs to be provided for each unit.

ii. Make the northern portion of the island car-free.

iii. Restrict on-street parking on the island to greatest extent possible, establish a charge for such parking, and consider a permit program to limit the availability of on-street parking to island residents.

We look forward to seeing the comments on this draft, and hope that our comments will assist you in shaping the final proposal.

Sincerely,

Jennifer Clary, President
San Francisco Tomorrow
415-585-9489

Alliance for a Clean Waterfront

October 9, 2002

Claudine Cheng, Chair
Treasure Island Development Authority
Building One, 410 Palm Ave.
Treasure Island
San Francisco, CA 94130

Via FAX and U.S. Mail

Dear Ms. Cheng:

The Alliance for a Clean Waterfront is a coalition of 16 environmental, neighborhood, and recreational organizations founded in 1997. The Alliance's mission is to protect San Francisco's water resources, including those within the city's boundaries and San Francisco Bay as it is affected by activities within or controlled by San Francisco. We appreciate the opportunity to comment on the Draft Development Proposal for Treasure Island and Yerba Buena Island.

Our interest in this project centers on water treatment and reuse. We are working to locate stormwater treatment wetlands in other parts of San Francisco, and are very happy that the Treasure Island Community Development LLC (TICD) is proposing such a use on Treasure Island. A major source of pollution in San Francisco Bay is urban runoff – stormwater that washes soot, petroleum products, and other pollutants into the Bay with each rainstorm. The freshwater treatment wetlands proposed will allow that runoff to be treated *before* it enters the Bay, and will provide additional benefits as wildlife habitat, visual landscaping, and educational site.

We also look forward to assisting both you and TICD with locating funding for the proposed saltwater wetlands proposed for the northwest corner of the island. Replacing a portion of the 90% of bay wetlands that have been lost to development over the last 150 years is a major goal of our member organizations.

41 Sutter St., # 1364
San Francisco, CA 94104

The Alliance is concerned about the proposal to have sewage shipped and treated offsite. If this proposal has already been subjected to a cost/benefit analysis, we would very much like to see the data. In our experience, on-site treatment is more cost effective. There are dual benefits in having at least some of the project's effluent treated on-site. First, in the case of a disruption of the pipeline to the East Bay, an on-site plant can carry at least some of the burden of the disrupted service. Second, a "package plant" on site could be used to produce recycled water for landscape watering and to supplement the stormwater treatment wetland during the dry season. We would like to see the development team take a closer look at such a decentralized option.

We understand that this proposal is still a very preliminary draft. We would be more than happy to work with the TICD to flesh out this portion of their plans.

Sincerely,

Jennifer Clary, Chair
Alliance for a Clean Waterfront

cc: Treasure Island Community Development LLC

41 Sutter St., # 1364
San Francisco, CA 94104

BRODSKY, BASKIN & MILLER, INC.
ATTORNEYS AT LAW
221 MAIN STREET, SUITE 1325
SAN FRANCISCO, CALIFORNIA 94105-3687

TELEPHONE
(415) 543-1111

FACSIMILE
(415) 543-1118

E-MAIL
sfmarlaw@pacbell.net

October 4, 2002

Honorable Claudine Cheng
Chair, Treasure Island Development Authority
101 Lombard Street
San Francisco, CA 94111

Re: Evaluation of the Response to the Request for Proposal Prepared by Treasure Island Community Development for the Redevelopment of Former Naval Station Treasure Island

Dear Director Cheng:

As a member of the Urban Design subcommittee of CAB, I have been directly involved in the review and evaluation of the design proposal, and the preparation of the unanimously approved CAB comments which have been provided to the Authority for its meeting of October 9, 2002. This letter, and the attached memoranda, however, is being submitted in my capacity as a private citizen. As the attached memoranda indicate, my views are not inconsistent with CAB's comments concerning the Treasure Island Community Development ("TICD') proposal or with TIDA's staff report submitted for the October 9th meeting. I have taken this opportunity to provide my views on two issues which I consider a predicate for any further consideration of TICD as Master Developer of Naval Station Treasure Island.

The first fundamental issue is the failure of TICD to provide financial information required by the RFQ and RFP to support its financial capability to act as Master Developer. The staff report for the October 6th meeting similarly recognizes that this requirement of the RFQ and RFP has not been satisfied (Staff Report, B. Financial Proposal, p.6). I would ask the Authority to take the position, as set forth in the attached memorandum, that the RFP process should be suspended until these financial qualifications are fully satisfied. Indeed, I questioned the issuance of RFP to TICD before the necessary information required by the RFQ had been provided.

The second issue relates to the proposal of TICD to exchange 85 acres of land, now protected by the Tidelands Trust, for the construction of 2800 units of housing to be located along the west and east shorelines of Treasure Island. This housing development, as described in the CAB Urban Design comments, is "regimented, regularized, and uniformly grid-like. " Such housing development will leave only a 100-foot ribbon of shoreline on the west shoreline for the use and enjoyment of all San Franciscan and out-of- town visitors. The west shoreline of Treasure Island is clearly most valuable for trust purposes and provides unparalleled and spectacular view of the

Bay, Golden Gate entrance, and the skyline of San Francisco. Similarly, another dense wall of housing is proposed for the easterly shoreline, which will provide even less than 100 feet for public use and enjoyment. Whatever the reasons and justification expressed by TICD for the proposed degradation of the public trust, the proposal for the exchange eighty five acres of *shoreline trust property* for Yerba Buena land, is inconsistent with the State Constitutional provision which requires protection of the tidelands.

In the course of the analysis of the TICD Proposal by the Urban Design Subcommittee of CAB, I prepared and submitted two memoranda discussing both of these issues; i.e., financial qualifications and the violation of the Tidelands Trust, which are attached to this letter. I am providing copies for all Directors of the Treasure Island Development Authority.

Sincerely yours,

Eugene A. Brodsky

EAB/tb
Enclosures
cc: All Directors of Treasure Island Development Authority
Honorable William Fazande, Vice Chair
Honorable John Eberling
Honorable Gerald Green
Honorable Susan Po-Rufino
Honorable Marcia Rosen
Honorable Doug Wong
Annemarie Conroy, Executive Director
Stephen Proud, Director of Development

TO: Chair and Directors, Treasure Island Development Authority

FROM: Eugene A. Brodsky.

DATE: October 6, 2002

SUBJECT: TREASURE ISLAND COMMUNITY DEVELOPMENT's ("TICD") PROPOSAL FOR THE EXCHANGE OF 85 ACRES OF SHORELINE LAND PROTECTED BY THE TIDELANDS TRUST ("TRUST EXCHANGE") VIOLATES THE RIGHT OF ALL CALIFORNIANS TO USE AND ENJOY THIS SPECTACULAR TRUST PROPERTY.

A. APPLICATION OF TIDELANDS TRUST TO TREASURE ISLAND

Treasure Island ("TI"), and a small portion of Yerba Buena Island, is composed of landfill placed on former tidelands and submerged lands. The TI Conversion Act of 1997, AB 699 (H&S Code 33492.5), provides, *inter alia*, that upon reconveyance of TI by the Navy to San Francisco, TI will be subject to the Public Trust for Commerce, Navigation and Fisheries, known as the Tidelands Trust (except the 37 acres which had been previously been conveyed to the Job Corps). Section 7 of §33492.5 provides that TIDA, as a redevelopment agency, is given the power administer the Trust property but must exercise these powers consistent with the public trust.

Under the Tidelands Trust, statutory and appellate decisions provide that the following restrictions apply:

(1) Land Uses Limited to Trust Purposes: This includes uses that attract people to the waterfront, promote public recreation, protect habitat; preserve open space; or provide commercial space consistent with the Trust. Such uses do not include residential development, non trust related office use, industrial, or research and development.

(2) Sale of Fee Title to Trust Property to Private Persons or Entities Is Prohibited, except that ground leases of up to 66 years are allowed if consistent with Trust purposes;

(3) Revenues Generated from the Use of Trust Properties must Be Utilized for Trust Purposes. Thus public revenues derived from trust property on Treasure Island and Yerba Buena Island cannot be used for non TI/YBI general fund purposes.

B. POLICIES APPLICABLE TO TRUST EXCHANGES SET FORTH IN THE REQUEST FOR QUALIFICATIONS ("RFQ") ISSUED BY TIDA

The RFQ, authorized by TIDA on June 14, 2000 for selection of a primary developer of TI/YBI, stated, *inter alia*, that developers who seek the approval of their qualifications for the issuance of a Request for Proposal ("RFP") may consider submitting a proposal which includes a "trust exchange" between TI and Yerba Buena Island ("YB") to permit "more development flexibility;" i.e., construction of minimum units of residential housing to allow the redevelopment to achieve financial feasibility. The RFQ suggested that such a trust exchange, with the concurrence of the State Lands Commission, could involve the removal of the Trust designation from "some portions of Treasure Island proper onto some or all of Yerba Buena Island..." This suggestion, however, was specifically limited in the RFQ: First, the general principle regarding the public trust was stated:" The applicability of the Tidelands Trust to Treasure Island proper and the principles of public uses underlying the Tidelands Trust were among the most important factors underlying the City's Reuse Plan. Any development on the Base must respect those principles." Secondly, TIDA, specifically circumscribed such an exchange: "**The lands removed from the Trust on TI proper must not have any reasonable application for trust purposes. This means that such lands should consist of interior lands lying *well inland* from the shoreline.**" (Emphasis supplied.

The RFQ also referred the developer Section 6307 of the *Public Resources Code*, which provides that the State Lands Commission can only approve exchanges under circumstances where it is shown to be in the

> "best interests of the state, *for the improvement of navigation, aid in reclamation, or for flood control protection, or to enhance the configuration of the shoreline for the improvement of the water and upland, on navigable rivers, sloughs, streams, lakes, bays, estuaries, inlets, or straits*, and that it will not substantially interfere with the right of navigation, and fishing in the waters involved, the commission may exchange lands of equal value, whether filled or unfilled....." (Emphasis supplied.)

C. TICD'S PROPOSAL FOR HOUSING ALONGSIDE THE EAST AND WEST PERIMETER OF TREASURE ISLAND IS INCONSISTENT WITH THE RFQ/RFP, AND THE PRINCIPLES OF THE TIDELAND's TRUST

The RFP issued to TICD, with substantial input from CAB's Planning and Development Committee, reaffirmed the importance of the Tidelands Trust, at least with respect to shoreline development, in similar terms to those used in the RFQ, *supra*:

> **In general, removing the Tidelands Trust designation would likely involve a "exchange" or "swap" of Trust Designation *from interior land not useful to the Trust on Treasure Island proper*** (Emphasis supplied.)

TICD's response to the RFP, however, only paid lip service to the Tideland Trust. TICD candidly admitted in its Response that the "Main thrust of the entire plan is to provide housing," which is an inconsistent use under the Trust. The TICD housing plan proposed the demolition of the existing units of Navy housing located at the North end of TI, and most other non-historical buildings. This Navy housing would be replaced by 2800 units of residential multiple dwellings located on 85 acres, of which 60% are for sale, and 40% for rent. (The proposal also envisions development of 20.3 acres, of the 85 acres of proposed housing on two areas of trust protected land within these 85 acres, which TICD describes as "flex space.")

TICD's proposal locates *all of the 2800 units of housing on the west and east perimeters of Treasure Island,* with the exception of small amount of housing at the Marina ("Clipper Cove"). The west side of TI, with its spectacular views of San Francisco, the Golden Gate and passing ships, leaves only 100 feet between the shoreline and the three or five story residential structures for most of its length. The eastside of TI similarly provides magnificent views of the Bay and East Bay hills and communities. The housing development on the "East Bayside District" is described by TICD as being "somewhat more dense community...although the predominant building heights will remain at approximately 50 feet, 4 stories over podium parking with screening of parking from the pedestrian areas." The exact distance between the shoreline and the housing is not clearly stated in the proposal, but it has been conceded by TICD's representatives that, as presently designed, it is less than 100 feet.

The Citizens Advisory Board, consisting of 25 members, 14 of whom are appointed by the Mayor, and 11 of whom are appointed by the Board of Supervisors, is charged with the responsibility of making recommendations to TIDA regarding development proposals. At its meeting on September 19, 2002, CAB voted on subcommittee recommendations regarding the consistency of the proposal with the RFP and the nature of any changes which should be made to any final proposal. These CAB comments are to be considered by TIDA at its October meeting. CAB was critical of the housing element, as well as other aspects of the TICD proposal. With regard to the residential development, CAB approved the following relevant recommendations by unanimous vote:

- The overall effect of the proposal should clearly celebrate and capitalize on the unique beauty and power of the Treasure Island location. With its many uninterrupted sight lines, Treasure Island has the potential to be a terrifically attractive destination for local, national and international visitors, not just a residential and commercial development. The proposal should place significantly more emphasis on features and aesthetics that will attract visitors and generously meet the resulting needs of public recreation and comfort.

- The housing should be pulled back further from the shoreline on the east and west sides of the island, to create additional open space and recreational uses along the shore, including lawns, viewing areas, civic space and active recreational

areas.

- The density of housing is a positive aspect of the proposal. However, the housing design appears too regimented, regularized and uniformly grid-like, and should be altered to more creatively capture the varied sizes and configuration of buildings within San Francisco neighborhoods, to open viewsheds and to incorporate intimacy and sub-spaces.

- The proposal should actively promote the enhancement of the views of the island from San Francisco (to the west) and the East Bay communities (to the east) so that the views of Treasure Island will be interesting, varied and inviting, attracting local, national and international visitors to this uniquely beautiful location.

TICD Proposal has failed to follow the conditions set forth in the RFQ and RFP that any plan to develop housing on TI should locate development in the *central core* of the Island. TICD's proposal instead consigns the open space to the *central core,* and places locates residential housing on the most valuable and sensitive Trust land This leaves a narrow band of land 100 or less feet outboard of the housing, where the public is grudgingly provided access. Shoreline property, under Trust principles, should be considered the land which deserves the highest Trust protection for the citizens of California. The reuse plan contemplated that Treasure Island would be focus it development to emphasize its unique views in the middle of San Francisco Bay, which would draw San Franciscans, national and foreign and visitors, and provide *public* recreation and entertainment. It was never contemplated that Tideland Trust principles would be disregarded and that the principle focus of the development would be the creation of a second San Francisco neighborhood of 2800 or more units.

CAB, on September 19, 2002, unanimously approved a recommendation relating to the Tidelands Trust application to Treasure Island:

> The proposal is premised upon approval of a Tidelands Trust exchange, however, the current land use configuration may not provide the best opportunity for approval of a Tidelands Trust exchange. In addition, it is not clear whether the extent of the exchange proposed is necessary to support viable redevelopment of the island. Any Trust exchange should maximize public benefits.

D. STRONG CALIFORNIA POLICY IN FAVOR OF THE PROTECTION OF LAND COVERED BY THE TIDELAND'S TRUST

The Tidelands Trust doctrine is set forth in *California Constitution, Article XV, section 3.* It provides, in part, that "All tidelands within two miles of any incorporated city, city and county, or town in this State and fronting on the waters of any harbor, estuary, bay, or inlet used for the purposes of navigation, shall be withheld from grant or sale to private persons, partnerships, or corporations..." The Supreme Court of California has held that the state cannot grant tidelands free of the trust merely because

the grant served some public purpose, such as increasing tax revenues, or because the grantee might put the property to a commercial use. "[T]he public trust is more than an affirmation of state power to use public property for public purposes. It is an affirmation of the duty of the State to protect the people's common heritage of streams, lakes, marshlands and tidelands, **surrendering that right of protection only in rare cases when the abandonment of that right is consistent with the purposes of the trust.**" *National Audubon Society v. Superior Court* (1983) 33 Cal. 3d 419, 440; *County of Orange v, Heim* (1973) 30 Cal. App. 3d 694. Although the state, as administrator of the public trust, may prefer one trust use over another, a state agency may not abrogate the Tideland's Trust by authorizing a use inconsistent with the trust. *National Audubon*, supra, at 439.

The California Supreme Court has considered the conditions which permit a "trust exchange." In the *Long Beach v. Mansell* (1970) 3 Cal. 3d 462 there was an exchange of reclaimed tidelands for other private lands "in the course of a public program of harbor development, where such lands were relatively *minor in area*...and no longer necessary [for trust purposes]..." *Long Beach v. Mansell,* at 484 (Emphasis supplied.) In allowing the exchange, the Court was careful to set strict limits on future utilization of the exchange process:

> " We conclude that when lands within two miles of an incorporated city or town which were subject to the ebb and flow of the tide at the date of the adoption of the Constitution...and have been found and determined by the Legislature to be *valueless for trust purposes* and are freed from the public trust and...*have been or are to be reclaimed pursuant to and in the course of a highly beneficial public program of harbor development*, such lands -- if they constitute a *relatively small parcel of the total acreage involved* -- thereupon cease to be "tidelands" within the meaning of the constitutional provision and are subject to alienation into absolute private ownership.

The proposal of TICD, as presented, does not meet the test of *Mansell*. A finding by a regulatory agency or the Legislature that Treasure Island's western and eastern shoreline is "valueless for trust purposes" would be erroneous on its face. It is inconceivable that such a proposition would be given any weight by an appellate court in view of the Constitutional protection accorded the Tideland Trust and the obvious fact that Treasure Island shoreline property is extremely valuable for trust purposes. Furthermore, such an exchange is not for any "highly beneficial public program" for Trust purposes. The intent of TICD is to situate the housing, a non-trust use, at the most advantageous location. The 85 acres is certainly not a "relatively small parcel of the total acreage involved." The conveyance to the City by the Navy will comprise 367 acres of Treasure Island. An exchange of roughly 25% of total acreage can hardly be characterized as a "relatively small parcel."

E. VALUATION OF ANY EXCHANGE BETWEEN TREASURE ISLAND AND YBI

The *Public Resources Code* §6307, *supra*, requires 6307 that the approval of any trust exchange is predicated on a showing that both parcels are of "equal value." This depends on evidence from expert appraisers. There is however a proposed regulatory change which may make such an appraisal more difficult and controversial. At present, the BCDC San Francisco Bay Plan policy for Yerba Buena Island provides "for recreational use" when YBI is no longer needed by the Navy or Coast Guard. BCDC Plan Map 5, Note 21). The BCDC is currently considering amendments to the Bay Plan relating to base reuse, including YBI. The proposed amendment of the Bay Plan specific to YBI notes that there be a large open space at the center of YBI; a large public open space on the plateau on the eastern peninsula adjacent to and beneath the eastern span of the San Francisco-Oakland Bay Bridge; and a linked system of trails near the shoreline at upper elevations that connect vista points and open spaces. With respect to the balance of YBI, the amendment refers to proposed Policy 6 c., Bayfront Military Installations Designated as Waterfront Parks. This provides, in part, that

> To assist in generating the revenue needed to develop and maintain park improvements and to achieve other important public objectives, uses other than water-oriented recreation, commercial recreation and public assembly facilities may be authorized on former military installations designated on the Bay Plan maps for waterfront uses ***only*** at locations identified on the Bay Plan maps. Even at those designated locations, these other uses should be allowed only if they would: (1) *not diminish recreation opportunities or the park-like character of the site*...(Emphasis supplied.)

The proposed new policy also contains language concerning a possible trust exchange between TI and YBI:

> If public trust ownership rights are exchanged between lands on Treasure Island and Yerba Buena Island, the lands thereby encumbered by the trust on Yerba Buena Island will have been found by the State Lands Commission to be useful for public trust purposes. In addition, substantial water-oriented recreations benefits, should be provided.

According to TICD's response to the RFP, YBI would be substantially restricted to recreational uses and preservation of sensitive flora and fauna. TICD represents that such uses would be protected by the application of the Tideland Trust if there is an exchange between Treasure Island of the 85 acres removed from Trust protection for housing on Treasure Island.. Beyond that, TICD has claimed, development would be minimal: a conference center at the Nimitz House and surrounding historical buildings; and the demolition of 13 acres of existing naval housing to be replaced with only 7 acres of new housing. Notwithstanding these self imposed limits contained in TICD's Proposal, it is unsatisfied with the proposed BCDC amendments to the Bay Plan, which

it appears to find too restrictive to development. TICD has requested significant changes in language which was set forth in a letter to the BCDC dated August 27, 2002. This contents of this letter are puzzling in view of its Proposal since TICD argues that the BCDC proposed amendments do not permit adequate future development on Yerba Buena Island. TICD therefore requests that the amendments grant further uses as follows: [TICD's proposed additions are underscored and deletions are ***italicized*** and in brackets ([]).]

> To assist in generating the revenue needed to develop and maintain park improvements and to achieve other important public objectives, uses other than water-oriented recreation, commercial recreation and public assembly facilities may be authorized on former military installations designated on the Bay Plan maps for waterfront uses **[*only*]** at locations identified on the Bay Plan maps, **<u>including, where appropriate, residential, retail, commercial, office, educational, and cultural uses</u>**. Even at those designated locations, these other uses should be allowed only if they would: (1) not diminish recreation opportunities **[or the park-like character]** of the site...

In addition, TICD requested that the BCDC amendment language regarding the Tidelands Trust also be deleted: [**"If public trust ownership rights are exchanged between lands on Treasure Island and Yerba Buena Island, the lands thereby encumbered by the trust on Yerba Buena Island will have been found by the State Lands Commission to be useful for public trust purposes. In addition, substantial water-oriented recreations benefits, should be provided"**] TICD's rationale for requesting this deletion was that "the first sentence restates existing law and there is no basis under the McAteer-Petris Act that ...requires an increase in recreational benefits should there be a Tidelands Trust Exchange."

In the RFP, TICD describes its plans for the use of the 85 exchanged acres on Yerba Buena Island:

> The open space plan calls for more than 85 acres of open space and trails around YBI and to the top of the Hillside. Significant native plant restoration is included in the open space plan for YBI.

Then what is the explanation for this attempt by TICD to seek an expansion of land uses on YBI, currently limited to recreational use. Does it indicate a disingenuous stratagem to increase development in the future, notwithstanding its Proposal made in the response to the RFP, or, is it instead an attempt to utilize these commercial land uses as an artifice to increase the appraised value of the land at YBI in any trust exchange? The analysis made by Eve Bach, Chair, The Public Trust Group, in a letter to BCDC, dated September 10, 2002, appears to be the most plausible explanation of TICD's motives::

> The amendments in New Policy 6 iii will greatly inflate the value of

land on Yerba Buena Island land to be traded out of The Public Trust for each acre of Yerba Buena Island land that is traded in. At best, the proposed amendment would have the unintended consequence of reducing land protected by The Public Trust; at worst, it could be seen as a manipulation of land values to expedite a trade unfavorable to current and future generations of Californians.

TO: Chair and Directors, Treasure Island Development Authority

FROM: Eugene A. Brodsky

DATE: October 6, 2002

SUBJECT: Treasure Island Community Development, LLC, Has Failed to Provide Financial Information Required by the RFQ and RFP to Support its Financial Capability to Act as Master Developer of Treasure Island/Yerba Buena Island. The RFP Process Should be Halted Until the Members of the TICD Joint Venture Provide this Required Information.

A. RFQ PROCESS

Treasure Island Community Development ("TICD") was required, by the terms of the Request for Qualification ("RFQ"), to provide detailed information to support its financial capability to act as Master Developer of its Treasure Island/Yerba Buena Base Reuse proposal. The RFQ provided, in part, that the developer submit the following information:

(1) "Audited financial statements for the past three (3) fiscal years showing respondent's net worth and current financial status, including all statements of changes in financial position and identifying any projects with negative cash flow...."

(2) "Summaries of recent project financing, detailing project type, financing source, amounts, terms, and current status..."

(3) "Financial capability ....to implement its Preliminary Development Concept including the ability to cover initial capital expenditures and operating casts through the early phases of development, adequacy of working capital, demonstrated ability to secure appropriate and necessary levels of equity and debt financing and overall track record."

The Treasure Island/YBI development project will obviously require substantial capital expenditures, which will include major seismic strengthening of the perimeter shoreline, stabilizing the underlying mud fill, rebuilding the causeway; rehabilitation and replacement of the decaying and inadequate infrastructure; demolition and deconstruction of buildings and facilities; extensive landscaping of open space, including the design and creation of wetlands; providing for community services and regional cultural destinations; rehabilitating historic structures; performing horizontal and vertical development (some of which may be subcontracted under the developer's supervision), and solving the problems of transportation and parking, including contributing to the capitol cost of ferries and pier facilities.

Not only are there major capital demands on the successful developer candidate,

a project of this magnitude can create major tort liability exposure for personal injury, death, and property damage for the developer, as well as the City and County of San Francisco. To protect the citizens and taxpayers of San Francisco, it is imperative that one of the largest development projects in the City's history must be adequately capitalized, and that the City be provided with acceptable guarantees from the joint venturers' parent corporations.

During the RFQ process, there were only two candidates for Master Developer. The first, Navillus, was determined to be unqualified. The remaining applicant, TICD, a California Limited Liability Corporation, was deemed qualified to be issued a Request for Proposal ("RFP"). TICD's apparent original function was to act as the project manager for a joint venture consisting of four entities: **Interland, Kenwood Investments,LLC, Lennar Communities Inc., and DTR1, LLC.** (described as a subsidiary of Desert Troon Company). During the RFQ process none of these four entities provided *any* financial information, contrary to the express requirements of the RFQ. The only information which was submitted to TIDA's financial consultants were several annual reports of Lennar Corporation. Lennar Corporation, however, did not provide *any guarantee* for Lennar Communities, Inc., a single asset corporation, nor did Lennar Communities Inc. provide any financial information concerning its financial strength or experience in a major reuse development. The remaining three entities in the TICD joint venture, each made almost identical statements in which they refused to provide their financial qualifications in response to the RFQ:

(1) **Interland** stated that it "is a closely held, private company authorized to do business in California. Interland's financial statements are maintained only on a confidential basis and therefore are not included with this submittal. ***When TICD is selected as a qualified party and invited to submit a proposal, Interland will be prepared to meet with representatives of TIDA, on a confidential basis, to provide additional assurances of its financial capacity."*** **(Emphasis supplied.)**

(2) **Kenwood Investments, LLC**: "Kenwood Investments, LLC is a recently formed California limited liability corporation, and as such, does not have audited financial statements for the last three years. Its members, however, cumulatively have a sizeable net worth and access to capitol markets. *Kenwood will be prepared to meet with representatives of TIDA, on a confidential basis, to provide additional assurances of its financial capacity."*

(3) **DTR1, LLC**. This is academic since Desert Troon's limited liability corporation withdrew from TICD after the RFP was issued, without providing any public explanation of the reasons for its withdrawal. As the TIDA staff report notes, that "given the withdrawal of Troon Pacific, TICD should also explain how TICD intends to replace any expertise [which was] lost..." Further, "since the two characteristics of Troon Pacific that Keyser Marsten, TIDA's financial consultant, focused on most were Troon's experience as a master developer of planned residential communities and Troon's experience in integrating existing built elements including historic features..." The Staff Report for the October 9th meeting notes that there is no information to show whether any of the

remaining members of TICD are competent to provide this expertise. (Staff report, pp 6-7)

Without addressing the issue of whether it is appropriate to provide "confidential information" to TIDA concerning the financial qualifications required to undertake this massive project, no "additional assurances" were apparently supplied concerning financial capacity when TICD was "selected as a qualified party and invited to submit a proposal..."

B. RFP PROCESS

The RFP was prepared the with substantial participation of the Citizens' Advisory Board for Treasure Island/Yerba Buena Island ("CAB"). The RFP reiterated the need for financial information concerning qualifications of the Developer:

> "[c]onsistent with the requirements set forth in the Request for Qualifications issued by the Authority, TICD **must** provide adequate means to assure the Authority of sufficient financial wherewithal and commitment to fulfill its financial indemnification and other performance obligations...[It] is not clear whether the members of TICD are jointly or severably liable for the obligations of TICD and only one of TICD's constituent members-Lennar-provided adequate financial information during the RFQ phase." (Emphasis supplied.)

The RFP financial element of the RFP also required information relating to the organization of TICD; the extent that various members will be responsible for TICD's obligations; the effect that a withdrawal of a partner would have on the remaining partners obligations (which has been recently been brought into focus by the withdrawal of the Desert Troon subsidiary LLC); and whether any of the parent companies intend to commit their assets to honor the obligations of their subsidiaries or TICD. Again, absolutely no information on these subjects has been provided in the Financial Proposal-Section B, in response to the RFP. The sole response was contained in Section B.4. of the response, which states in full:

> "TICD has obtained a letter of guaranty, a copy of which is attached is selected as the master developer, additional financial guarantees or assurances will be provided."

Interestingly, the document was included in the Financial Proposal, submitted with the Response to the RFP, was not the document referred to in the above quotation. The document instead consists of a form of a power of attorney from a St. Paul subsidiary, Seaboard Surety, to its agents to execute bonds and is clearly not a " letter of guaranty." It has no conceivable relevance to the representation that TICD has "obtained a letter of guaranty."

Notwithstanding TICD's representations during the RFQ, and further assurances

from its project manager that information regarding qualifications, structure of the joint venture, and guarantees would be provided in the response to the RFP, this essential information has been withheld. In view of the size of this development, and the financial commitments required by this project, the failure to provide financial qualification responses is unacceptable and a violation of the requirement of the RFQ/RFP. Such lack of candor and transparency does not bode well for future dealing with TICD.

Neither TIDA or CAB, should expend the time and expense of any further analysis of TIDC's response to the RFP where TICD has failed to respond to the RFQ and RFP requirements for financial adequacy of the joint venture and its partners. Financial capacity is the most fundamental prerequisite to undertaking any construction project, and certainly in the case of this major redevelopment. Under the terms of the RFQ, "Grounds for Rejection" include any "incomplete or otherwise unresponsive statements in connection with a proposal...at the Authorities sole discretion...and its judgment shall be final." This failure to respond justifies a complete rejection of the TICD proposal, or in the alternative, that the RFP process should be halted until an acceptable response is received.

Arc Ecology

833 Market Street ♦ San Francisco, California 94103

phone: **415 495 1786 ♦** ***fax:*** **415 495 1787 ♦** ***e-mail:*** **evebach@mindspring.com**

October 7, 2002

Treasure Island Development Authority
Through Peter Summerville
410 Avenue of Palms, Building 1
San Francisco, California

BY FAX: 415 274 0299

To: Chairwoman Claudine Cheng and Members of the Board

We appreciate the very public process that you and the CAB established to review this proposal In addition to attending numerous meetings of the Treasure Island Development Authority (TIDA), the Citizens Advisory Board (CAB), and CAB subcommittees, we have carefully reviewed the proposal submitted by Treasure Island Community Development (TICD). Members of the Board and the CAB have previously articulated many of our concerns.

We would like to expand on some of those issues. From the outset of the public dialog about the redevelopment of Treasure and Yerba Buena Islands (TI), our most pressing concern has been to ensure that the huge investment of public capital in this project yields a commensurate level of public benefit.

A Project that will be Financed by the Public

The project now conceptualized by TICD has heightened our concerns. The City is expected to provide most of the investment capital for this project, over and above land and buildings that would be given to TICD at no cost. TICD will finance this project primarily with public assets. TICD is proposing to invest less than $40 million[1] of its funds to cover $317 million[2] in costs, relying on public dollars and income generated by the project itself to pay for the rest.

A rough comparison, based on the unadjusted numbers in the TICD Financial Plan, suggests that the City will invest (not counting its real estate contribution) more than $3 of its funds for each $1 of TICD equity. TICD's $40 million will be more than matched in the second year of the project by $62 million[3] the City would borrow (by issuing a revenue bond) against rental income earned from housing on the site. A second source of capital provided by the people of San Francisco would be most of the project's long term stream of property tax revenue: $65 million[4] in debt capital (tax anticipation bond proceeds) to be repaid with property taxes, and another million[5] in additional property taxes.

---

[1] TICD Financial Proposal page 5
[2] TICD Financial Proposal Cash Flow Pro Forma
[3] TICD Financial Proposal page 5
[4] TICD Financial Proposal page 6
[5] TICD Financial Proposal page 6

A more complete understanding of the local contribution to this project requires an estimate of the value of the land and buildings that would be donated to TICD. If San Francisco is successful in obtaining a no-cost Economic Development Conveyance (EDC), these assets would also represent a contribution from the federal government. (However it is not altogether clear whether the military will determine that this fundamentally residential project satisfies EDC requirements.) Theoretically San Francisco would receive TI real estate at no cost through an EDC. The reality is that the costs of arranging the conveyance, and the costs and liabilities associated with operating and providing services to the property prior to conveyance have been substantial.

In addition to these subsidies that San Franciscans would provide to TICD, California and U.S. taxpayers will add another layer of subsidy in the form of tax exempt interest on the project's debt capital.

Table 1: SOURCE OF FINANCIAL SUPPORT FOR TICD PROJECT

PRIVATE CAPTIAL	PUBLIC CAPITAL		REINVESTED PROJECT INCOME	
	San Francisco	State and Federal		
TICD: <$40m	TI rents: $62 m	Land and Buildings	Home site sales:	$123 m
	TI Property taxes $66 m	Income taxes on debt interest	Rental units.	$ 90 m
	Land and buildings		Ground leases.	$106.m
			Other:	$ 25 m

The Return on the Public's Investment

The level of public investment capital that TICD is assuming in their financial plan triggers an obvious question: What rate of return does the public need to receive on its investments? Projecting the return on public capital is a more complex exercise than calculating the internal rate of return on a private real estate investment, but it is equally essential to ensuring prudent investment decisions. Too often the standards for investing public capital is that benefit, no matter how small, justifies the investment, no matter how big.

Theoretically one of the most significant public benefits of this project would be reinforcement of the perimeter of Treasure Island – a prerequisite of any redevelopment. The realization of that contribution (whether economic development, housing, or parkland) however must ultimately be evaluated in the actual public benefits of the use of the stabilized land; i.e., stabilizing the land to develop a use with little or no direct public benefit can not in itself be considered a public benefit.

The main public benefits that the TICD purports to offer include:

- Economic Development (employment and growth in the tax base)
- Public Trust land uses (primarily water-related habitat, recreation, and open space)
- Affordable housing

We believe that each of these benefit packages is flawed.

Economic Development Benefits - Employment

The most positive economic development benefits of the project were created by the City's commitment to the Treasure Island Homeless Development Initiative (TIHDI). Beyond the baseline level set by the TIHDI agreement, TICD is willing to participate in other City

employment programs. There is no real commitment to exceed City requirements for permanent jobs. TICD has not made a commitment to pay a "living wage". TICD's commitment to use union workers and pay prevailing wages seems to extend only to construction jobs.

Virtually all the permanent jobs created will command low wages: more than 80% would be in the low wage hospitality, retail, and building services sectors with pay generally below $25,000 per year.[6] (The average annual wage or salary of $40,000 implied by TICD's projections of payroll tax revenue[7] is unrealistic.)

In our view, a thousand new jobs paying less than a living wage should be considered an economic liability, not a benefit. A single person household earning $35,650 is considered very low income in San Francisco.

Economic Development Benefits – Tax Base

As many CAB members have pointed out, the project's fiscal analysis addresses only the revenue side of the ledger. Even if other revenue projections in the fiscal analysis are not as badly overstated as the Payroll Tax, it is impossible to tell whether the project even pays its own way over the long term. Preliminary indications are not promising. The projected annual contribution of the project to the General Funds is about $7.5 million[8] compare to the Mayor's budget for 2002-2003 City expenditures of $11.5 million for to support the current low level of city services.

It is not likely that the TICD development would achieve fiscal self-sufficiency during the life of the redevelopment project area. An island residential community of about 3,000 households is big enough to require a full array of city services but too small to use them efficiently or pay for them through ordinary taxes and fees.

An obvious example of the problem is transit. Establishing service both to the East Bay and San Francisco, with short headways, extended hours of service, and reasonably low fares, is essential, given the hazardous conditions of automobile access. The small number of riders per transit vehicle, especially in off-peak hours, will necessitate substantial underwriting of operating costs no matter what form of transit is provided. The problem is only exacerbated by the project's promise of the most expensive mode – ferries.

Similar inefficiencies arise in providing a community of 3,000 households with police, fire, paramedic, library, and even school services. (Commercial services face the same problem. Current residents have been demanding a supermarket, even though there will not be enough people in the market area to support such an operation.)

There is a limited range of response to these inefficiencies. One possibility is that TI residents would adapt to a low level of services. This would involve the inconvenience of sending their children off the island to attend middle school, or the risk they will have to wait for an ambulance dispatched from the mainland to makes its way through congested bridge traffic

---

[6] TICD Financial Proposal, Exhibit 2
[7] TICD Financial Proposal, Exhibit 1
[8] TICD Financial Proposal, Exhibit 1

because the single TI ambulance is already transporting another resident to a San Francisco hospital.

The second alternative is that the rest of San Francisco would subsidize additional costs of providing full municipal services for TI residents. Neither law nor custom precludes such subsidies, although the Mayor's mantra that TI will pay for itself would need to be revised. However, only tortured logic could then claim the expanded tax base as a positive return on the public capital invested in TI redevelopment.

Like employment, the tax base of the TICD project is likely to represent a net liability.

Public Trust Land Uses – Water Related Habitat

The storm water treatment wetland included in the Project's first phase represents a significant public benefit, as is the land set aside for a salt-water wetland to be developed with independent funding during the last phase. The public's investment in these wetlands will be repaid in the form of natural habitat creation, cleaner storm water discharges into the Bay, areas for wildlife viewing and an associated interpretative center The wetlands are a destination that will attract San Franciscans, other Bay Area residents, and visitors to the water's edge. The wetlands will also help to make TI a year-round destination because they are particularly interesting and inviting during the winter months.

Public Trust Land Uses –Water Related Recreation

Although the project provides a generous amount of recreational open space, the siting of development prevents much of the open space from serving Public Trust functions. In order to build housing near the northern and southern shoreline, TICD is proposing to trade the underlying land out of the Public Trust in exchange for land on Yerba Buena Island that would brought into the Public Trust. For most of the island, shore access would be provided through the mandatory 100 foot wide band governed by BCDC.

This configuration creates a serious problem for much of the remaining Public Trust land on Treasure Island which would be located in the center of the island, cut off from the shoreline. In addition to removing the residential parcels from the Public Trust, the trade also makes the interior land less useful for Public Trust purposes. Even though it would remain in the Trust, this open space would be physically and visually blocked from the water, except for streets running through the residential development which are supposed to provide view corridors..

Nor would the large interior open space likely serve as a regional recreational resource. These playing fields would be very difficult for people living elsewhere in San Francisco or the East Bay to access, especially during popular afternoon game times, whether by automobile because of bridge congestion and the dangerous on ramps, or by ferry or bus due to travel time or expense.

In reality, the large interior open space will feel like a part of the residential neighborhoods, and will primarily serve Treasure Island residents. We do not oppose the project including neighborhood serving open space. However, such facilities should be considered functionally part of the residential land uses, not a Public Trust resource. The same is true for the streets in the residential neighborhoods and neighborhood serving commercial facilities.

The site plan for the project needs to change substantially if the public capital invested in this project is to provide part of its return as Public Trust benefits. As the project is currently structured, the return on the public's investment is negative.

Affordable Housing

It would seem that a project promising that 1/3 of the new housing units will be affordable would provide a generous return on its public capital. Such is not the case for the TICD proposal for several reasons.

- Most of the very low income units do not represent a net addition to the city's stock of affordable housing.. The project plans to demolish existing low income units and provide land for their replacement.
- The project relies on TIHDI to provide the replacement units. The financial plan does not provide for relocation or construction costs.
- The inclusionary units that TICD proposes as part of their project appear to accommodate only moderate income households..
- The sale price for the for-sale affordable units seems too high. It seems to be derived from households dedicating 35% of their income just to mortgage payments rather than to all housing costs, including taxes, insurance, maintenance, and utilities.[9]

The housing benefits clearly need to be augmented if they are to be the same order of magnitude as the public investment in this basically residential development project. San Francisco is not suffering from a shortage of market rate housing sites. Housing for above moderate income households built 1988 – 2000 exceeded the city's share of regional needs.[10] Only the affordable units represent a return to the public on their investment in this project.

Conclusions

We believe that this project must be substantially changed to create public benefits that are match the investment of public dollars. In our view this project is not substantially different from a project that would be built on land owned by a private developer with his/her own funding.

This mismatch suggests that the TIDA needs to revisit its decision to rely on a master developer to redevelop TI. The TICD proposal indicates that the master developer strategy will bring in only a modest amount of private risk capital. It is relatively small in comparison to the size of the project and it is relatively small in comparison to the City's own budget for capital projects (about $5 billion net in the Mayor's 2002-2003 Proposed Budget).

At the very least, in giving direction to TICD to modify their proposal, the TIDA needs to recognize that it has alternatives. If TICD cannot bring forward a development proposal that provides San Franciscans with a public rate return comparable to the 25% (calculated with the

---

[9] TICD Financial Proposal, Residential Product Mix assumptions
[10] Draft Housing Element 2000 - 2006

inappropriately high discount rate of 15%!) that TICD is demanding for itself, the TIDA should choose a different option.

We look forward to a continuing lively public review process.

Yours truly,

Eve Bach

Eve Bach
Staff Economist/Planner

Cc: Ann Marie Conroy
Stephen Proud
TI CAB
Blake Stevenson, State Lands Commission
Public Trust Group

Notes

Notes

Notes

AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Subject: Resolution Authorizing the Executive Director To Enter into a Sublease with Island Creative Management for Use of Building 2

Agenda Item No. 7
Meeting of November 13, 2002

Contact/Phone: Annemarie Conroy, Executive Director
Stephen Proud, Director of Development
274-0660

BACKGROUND

On September 1, 1999, the Authority executed a sublease with Island Creative Management to use Building 99 to build sets for television, film production, and special events. Under the Authority's Rules and Procedures for the Transfer of Real Property, the Authority has taken several actions to extend the term of the original sublease, which is now scheduled to expire on February 28, 2003.

In anticipation of the expiration of the sublease, Island Creative and Authority staff initiated discussions concerning the relocation of Island Creative operations to Building 2, one of the historic hangars on Treasure Island. The relocation would provide Island Creative additional space for their operation and it would allow the Navy to conduct environmental remediation activities in Building 99, where Island Creative is currently located.

Attached is a one year sublease for use of Building 2. Pending Authority Board approval, Island Creative will execute the attached sublease and terminate their existing agreement for Building 99. The term for the Building 2 sublease is one-year and the rent is set at $18,000 per month. This represents a net increase of $7,500 per month or $90,000 annually. All other provisions of the sublease remain in the same format as the original. Any request to extend the term beyond one-year would be subject to Authority Board approval.

RECOMMENDATION

Staff recommends approval of the resolution authorizing the Executive Director to execute the Sublease for Building 2 with Island Creative Management.

FILE NO. _____ RESOLUTION NO. _____

[Execution of Sublease for Building 2]

AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A SUBLEASE FOR BUILDING 2 WITH ISLAND CREATIVE MANAGEMENT INC. FOR A PERIOD NOT TO EXCEED TWELVE MONTHS

WHEREAS, On May 2, 1997, the Board of Supervisors (the "Board") passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of former Naval Station Treasure Island (the "Base") for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; and,

WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (the "Act"), the California legislature (i) designated the Authority as a redevelopment agency under California redevelopment law with authority over the Base upon approval of the City's Board of Supervisors, and, (ii) with respect to those portions of the Base which are subject to the Tidelands Trust, vested in the Authority the authority to administer the public trust for commerce, navigation and fisheries as to such property; and,

WHEREAS, The Tidelands Trust prohibits the sale of trust property into private ownership, generally requires that Tidelands Trust property be accessible to the public and encourages public-oriented uses of trust property that, among other things, attract people to the waterfront, promote public recreation, protect habitat and preserve open space; and

WHEREAS, In order to facilitate productive reuse of the Base, it may be beneficial for the Authority to lease or license property from the Navy and, in turn, sublease or sublicense such property to third-parties or use such property for municipal purposes; and

WHEREAS, on September 1, 1999, the Authority's Executive Director entered into a month-to-month sublease (the "Original Sublease") with Island Creative Management Inc. ("Subtenant") for the use of a portion of Building 99 (the "Initial Premises") for the building of sets used in television and film production; and

WHEREAS, the Authority Board has acted from time to time to extend the term of the Original Sublease pursuant to the Rules and Procedures for Transfer of Real Property; and

WHEREAS, the Original Sublease is scheduled to expire on February 28, 2003, and

WHEREAS, Island Creative Management has expressed a desire to continue operations on Treasure Island and to acquire additional space for such operations; and

WHEREAS, the Navy has informed the Authority that environmental remediation activities will need to be conducted in and near Building 99 and it is desirable to have that facility unoccupied at the time those activities are scheduled to occur; and

WHEREAS, full environmental remediation of the base serves the goals of the Authority and is in the public interest of the City: and

WHEREAS, Building 2 represents a suitable location for Island Creative to relocate and continue their operation on Treasure Island; and

WHEREAS, the Authority and Island Creative have agreed to the terms and conditions of a Sublease for Building 2 that are economically reasonable, including among other things, a monthly rental rate of Eighteen Thousand Dollars ($18,000) and a term not to exceed twelve (12) months; now therefore be it

RESOLVED, That the Board of Directors hereby authorizes the Executive Director to execute a sublease with Island Creative Management; and be it

FURTHER RESOLVED, That the Authority authorizes the Executive Director to enter into modifications to the Building 2 Sublease (including, without limitation, the attachment of exhibits) that are in the best interests of the Authority and the City, do not materially change the terms of the Lease, and are necessary and advisable to effectuate the purpose and intent of this resolution.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on Novemebr 13, 2002.

_____

William Fazande

SUBLEASE

between

THE TREASURE ISLAND DEVELOPMENT AUTHORITY

as Sublandlord

and

ISLAND CREATIVE MANAGEMENT LLC
as Subtenant

For the Sublease of

Building 2 at Naval Station Treasure Island
San Francisco, California

December 1, 2002

TREASURE ISLAND SUBLEASE

Table of Contents

LIST OF EXHIBITS:

EXHIBIT A -- Master Lease
EXHIBIT B -- Drawing of Premises
EXHIBIT C -- Seismic Report
EXHIBIT D -- Rules and Regulations
EXHIBIT E -- Utilities

TREASURE ISLAND SUBLEASE

THIS SUBLEASE (the "Sublease"), dated as of this 15th of November, 2002, is by and between the Treasure Island Development Authority ("Sublandlord") and Island Creative Management, a Limited Liability Corporation ("Subtenant"). From time to time, Sublandlord and Subtenant together shall be referred to herein as the "Parties".

This Sublease is made with reference to the following facts and circumstances:

A. The United States of America, acting by and through the Department of Navy ("Master Landlord") and Sublandlord entered into a lease dated September 4, 1998, as amended by that certain Amendment to Lease dated October 9, 2002, (the "Master Lease"), a copy of which is attached hereto as Exhibit A. Under the Master Lease, the Master Landlord leased to Sublandlord on Naval Station Treasure Island (the "Property"), among other things, Building 2 (the "Building"), together with a non-exclusive right to use certain parking areas adjacent thereto, all as more particularly shown on the map attached hereto as Exhibit B (the "Premises").

B. Subtenant desires to sublet the Premises from Sublandlord and Sublandlord is willing to sublet the Premises to Subtenant on the terms and conditions contained in this Sublease.

NOW THEREFORE, Sublandlord and Subtenant hereby agree as follows:

1. PREMISES

1.1. Subleased Premises. Subject to the terms, covenants and conditions of this Sublease, Sublandlord subleases to Subtenant the Premises.

1.2. As Is Condition of Premises.

(a) **Inspection of Premises**. Subtenant represents and warrants that Subtenant has conducted a thorough and diligent inspection and investigation, either independently or through its officers, directors, employees, agents, affiliates, subsidiaries, licensees and contractors , and their respective heirs, legal representatives, successors and assigns, and each of them, ("Subtenant's Agents") of the Premises and the suitability of the Premises for Subtenant's intended use. Subtenant is fully aware of the needs of its operations and has determined, based solely on its own investigation, that the Premises are suitable for its operations and intended uses. As part of its inspection of the Premises, Subtenant acknowledges its receipt and review of the Seismic Report referenced in Section 1.2(c) below and the Joint Inspection Report referenced in

Section 6 of the Master Lease.

(b) **As Is; Disclaimer of Representations**. Subtenant acknowledges and agrees that the Premises are being subleased and accepted in their "AS IS, WITH ALL FAULTS" condition, without representation or warranty of any kind, and subject to all applicable laws, statutes, ordinances, resolutions, regulations, proclamations, orders or decrees of any municipal, county, state or federal government or other governmental or regulatory authority with jurisdiction over the Premises, or any portion thereof, whether currently in effect or adopted in the future and whether or not in the contemplation of the Parties, including without limitation the orders and citations of any regulatory authority with jurisdiction over life and safety issues concerning the Premises ("Laws") governing the use, occupancy, management, operation and possession of the Premises. Without limiting the foregoing, this Sublease is made subject to any and all covenants, conditions, restrictions, easements and other title matters affecting the Premises, or any portion thereof, whether or not of record. Subtenant acknowledges and agrees that neither Sublandlord, the City and County of San Francisco ("City"), nor any of their respective officers, directors, employees, agents, affiliates, subsidiaries, licensees or contractors , or their respective heirs, legal representatives, successors and assigns ("Sublandlord's Agents") have made, and Sublandlord hereby disclaims, any representations or warranties, express or implied, concerning (i) title or survey matters affecting the Premises, (ii) the physical, geological, seismological or environmental condition of the Premises, including, without limitation, the matters described in the Seismic Report (as defined below) (iii) the quality, nature or adequacy of any utilities serving the Premises, (iv) the feasibility, cost or legality of constructing any Alterations on the Premises if required for Subtenant's use and permitted under this Sublease, (v) the safety of the Premises, whether for the use of Subtenant or any other person, including Subtenant's Agents or Subtenant's clients, customers, vendors, invitees, guests, members, licensees, assignees or Subtenants ("Subtenant's Invitees"), or (vi) any other matter whatsoever relating to the Premises or their use, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose.

(c) **Seismic Report.** Without limiting Section 1.2 (b) above, Subtenant expressly acknowledges for itself and Subtenant's Agents that it received and read that certain report dated August 1995, entitled "*Treasure Island Reuse Plan: Physical Characteristics, Building and Infrastructure Conditions,*" prepared for the Office of Military Base Conversion, Department of City Planning, and the Redevelopment Agency of the City and County of San Francisco, (the "Seismic Report"), a copy of the cover page of which is attached hereto as Exhibit C. Subtenant has had an adequate opportunity to review the Seismic Report with expert consultants of its own choosing. The Seismic Report, among other matters, describes the conditions of the soils of the Property and points out that in the area of the Property where the Premises are located, an earthquake of magnitude 7 or greater is likely to cause the ground under and around the Premises to spread laterally to a distance of ten (10) or more feet and/or result in other risks. In that event, there is a significant risk that the Building and any other structures or improvements located on or about the Premises, may fail structurally and collapse.

2. COMPLIANCE WITH MASTER LEASE

2.1. Incorporation by Reference. All of the terms and conditions of the Master Lease are hereby incorporated by reference into this Sublease as if fully set forth herein

2.2. Conflict. If any of the provisions of this Sublease conflict with any portion of the Master Lease as incorporated herein, then the terms of the Master Lease shall govern.

2.3. Compliance with Master Lease. Subtenant shall not do or permit to be done anything which would constitute a violation or a breach of any of the terms, conditions or provisions of the Master Lease or which would cause the Master Lease to be terminated or forfeited by virtue of any rights of termination reserved by or vested in the Master Landlord.

2.4. Automatic Termination. If the Master Lease terminates for any reason whatsoever, this Sublease shall automatically terminate and the Parties shall thereafter be relieved from all liabilities and obligations under this Sublease, except for liabilities and obligations which expressly survive termination of this Sublease. Subtenant acknowledges and agrees that it has reviewed the Master Lease, is aware of the circumstances upon which the Master Lease may be terminated and hereby assumes all risks associated with the automatic termination of this Sublease because of the termination of the Master Lease.

3. TERM

3.1. Term of Sublease. The term of this Sublease (the "Term") shall be for one year, which shall commence on December 1, 2002 (the "Commencement Date") and may be terminated by either party, for any reason and without liability for such termination, upon thirty (30) days prior written notice to the other Party. Notwithstanding the foregoing, this Sublease shall automatically terminate on November 30, 2003 (the "Upset Date") unless the Board of Directors of the Sublandlord approves a resolution extending the Term of this Sublease beyond the Upset Date.

4. RENT

4.1. Base Rent. Throughout the Term, beginning on the Commencement Date, Subtenant shall pay to Sublandlord base rent in the amount of Eighteen Thousand Dollars ($18,000) per month (the "Base Rent"). Base Rent shall be paid to the Sublandlord without prior demand and without any deduction, setoff, or counterclaim whatsoever. Base Rent shall be payable on or before the first day of each month, in advance, at the Notice Address of Sublandlord provided in Section 20.1 hereof or such other place as Sublandlord may designate in writing. If the Commencement Date occurs on a date other than the first day of a calendar month, or the Sublease terminates on a day other than the last day of a calendar month, then the

monthly payment of Base Rent for such fractional month shall prorated based on a thirty (30) day month.

4.2. **Additional Charges**. In addition to Base Rent, Subtenant shall pay any and all real property taxes, possessory interest taxes and other costs, impositions and expenses related to the Premises as provided in Section 4 hereof, plus all other charges related to the Premises otherwise payable by Subtenant to Sublandlord hereunder, including, without limitation, all late charges and default interest attributable to late payments and/or defaults of Subtenant hereunder and all utility charges (together, the "Additional Charges"). Together, Base Rent and Additional Charges shall hereinafter be referred to as the "Rent".

4.3. **Late Charge**. If Subtenant fails to pay any Rent within ten (10) days after the date the same is due and payable, such unpaid amount will be subject to a late payment charge equal to six percent (6%) of the unpaid amount in each instance. The late payment charge has been agreed upon by Sublandlord and Subtenant, after negotiation, as a reasonable estimate of the additional administrative costs and detriment that Sublandlord will incur as a result of any such failure by Subtenant, the actual costs thereof being extremely difficult if not impossible to determine. The late payment charge constitutes liquidated damages to compensate Sublandlord for its damages resulting from such failure to pay and Subtenant shall promptly pay such charge to Sublandlord together with such unpaid amount.

4.4. **Default Interest**. If any Rent is not paid within ten (10) days following the due date, such unpaid amount shall bear interest from the due date until paid at the rate of ten percent (10%), provided however that interest shall not be payable on late charges incurred by Subtenant nor on any amounts on which late charges are paid by Subtenant to the extent this interest would cause the total interest to be in excess of that which an individual is lawfully permitted to charge. Payment of interest shall not excuse or cure any default by Subtenant.

5. TAXES, ASSESSMENTS AND OTHER EXPENSES

5.1. Taxes and Assessments, Licenses, Permit Fees and Liens.

(a) **Payment Responsibility**. Subtenant shall pay any and all real and personal property taxes, including, but not limited to, possessory interest taxes, general and special assessments, excises, licenses, permit fees and other charges and impositions of every description levied on or assessed against the Premises, any Alterations, Subtenant's Personal Property, or Subtenant's use of the Premises or any Alterations during the Term. Subtenant shall make all such payments directly to the charging authority when due and payable and at least ten (10) days prior to delinquency. However, with respect to real property taxes and assessments levied on or assessed against the Premises for which Sublandlord receives the tax bill directly from the taxing authority, Subtenant shall reimburse Sublandlord for payment of such sums immediately upon demand.

(b) **Taxability of Possessory Interest.** Without limiting the foregoing, Subtenant recognizes and agrees that this Sublease may create a possessory interest subject to property taxation and that Subtenant may be subject to the payment of property taxes levied on such interest.

(c) **No Liens**. Subtenant shall not allow or suffer a lien for any taxes payable by Subtenant hereunder to be imposed upon the Premises or upon any equipment or other property located thereon without discharging the same as soon as practicable, and in no event subsequent to delinquency.

(d) **Reporting Information**. Subtenant agrees to provide such information as Sublandlord may request to enable Sublandlord to comply with any possessory interest tax reporting requirements applicable to this Sublease.

5.2. **Other Expenses**. This is a "triple net" Sublease. Accordingly, Subtenant shall be responsible for any and all other charges, costs and expenses related to its use, occupancy, operation or enjoyment of the Premises or any Alterations permitted thereon, including, without limitation, the cost of any utilities, maintenance or services necessary for Subtenant's use.

5.3. **Evidence of Payment**. Subtenant shall, upon Sublandlord's request, furnish to Sublandlord within ten (10) days after the date when any charges are due and payable, official receipts of the appropriate taxing authority or other evidence reasonably satisfactory to Sublandlord, evidencing payment thereof.

6. USE; COVENANTS TO PROTECT PREMISES

6.1. **Subtenant's Permitted Use**. Subtenant may use the Building as an office and for the building of sets used in television and film production and for special events, and for no other purpose.

6.2. **Rules and Regulations**. Subtenant agrees to adhere to all rules and regulations regarding the Premises attached hereto as Exhibit D, and any additional rules regarding security, ingress, egress, safety and sanitation applicable to the Premises or the Property, as such rules and regulations may be prescribed by Master Landlord or Sublandlord from time to time and which are provided to Subtenant in advance of the enforcement thereof.

6.3. **Easements**. This Sublease shall be subject to all outstanding easements and rights-of-way for location of any type of facility over, across, in, and upon the Premises or any portion thereof, and to the right of Master Landlord to grant such additional easements and rights-of-way over, across, in and upon the Premises as Master Landlord shall determine to be in the public interest ("Additional Easements"), provided that, as provided in Section 29 of the

Master Lease, Master Landlord shall use its best efforts to minimize any interference with Subtenant's operations hereunder caused by the granting of any such Additional Easements and the granting of such Additional Easements shall be conditioned on the assumption by the grantee thereof of liability to Subtenant for such damages as Subtenant shall suffer for property destroyed or property rendered unusable on account of the grantee's exercise of its rights thereunder. There is hereby reserved to the holders of such Additional Easements as are presently outstanding or which may hereafter be granted, to any workers officially engaged in the construction, installation, maintenance, operation, repair or replacement of facilities located thereon, and to any federal, state or local official engaged in the official inspection thereof, such reasonable rights of ingress and egress over the Premises as shall be necessary for the performance of their duties with regard to such facilities. To the best knowledge of the Mayor's Treasure Island Project Office, there are no existing Additional Easements or other encumbrances which would materially interfere with Subtenant's use of the Premises.

6.4. **No Interference with Navy Operations**. Subtenant shall not conduct operations, nor make any Alterations (as defined below), that would interfere with or otherwise restrict Master Landlord's operations or environmental clean-up or restoration actions by the Master Landlord, Sublandlord, the Environmental Protection Agency, the State of California or their contractors. Environmental clean-up, restoration or testing activities by these Parties shall take priority over the Subtenant's use of the Premises in the event of any conflict, provided, however, in such event, Master Landlord and Sublandlord shall use their best efforts to minimize any disruption of Subtenant's operation.

6.5. **No Unlawful Uses, Nuisances or Waste**. Without limiting the foregoing, Subtenant shall not use, occupy or permit the use or occupancy of any of the Premises in any unlawful manner or for any illegal purpose, or permit any offensive, noisy or hazardous use or any waste on or about the Premises. Subtenant shall eliminate any nuisances or hazards relating to its activities on or about the Premises.

7. ALTERATIONS

7.1. **Alterations**. Subtenant shall not construct, install, make or permit to be made any alterations, installations or additions ("Alterations") in, to or about the Premises, without Sublandlord's prior written consent in each instance, which consent may given or withheld in Sublandlord's sole and absolute discretion. Subject to Sublandlord's consent as provided above, any permitted Alterations shall be done at Subtenant's sole expense (i) in strict accordance with plans and specifications approved in advance by Sublandlord in writing, (ii) by duly licensed and bonded contractors or mechanics approved by Sublandlord or by program youths and staff under the supervision of qualified professionals, (iii) in a good and professional manner, (iv) in strict compliance with all Laws, and (v) subject to all other conditions that Sublandlord may reasonably impose. In no event shall the construction , installation or the making of any Alterations impair the use or operation of the Property, or any portion thereof, or Sublandlord's or

Master Landlord's access thereto. Prior to the commencement of any work on the Premises to construct any permitted Alterations, Subtenant, at its sole expense, shall procure all required permits and approvals and shall promptly upon receipt deliver copies of all such documents to Sublandlord. No material change from the plans and specifications approved by Sublandlord may be made without Sublandlord's prior consent. Sublandlord and Sublandlord's Agents shall have the right to inspect the course of such construction at all times.

7.2. **Historic Properties**. Without limiting the generality of the foregoing, Subtenant acknowledges and agrees that, pursuant to Section 15 of the Master Lease, no Alterations may be made to the Premises (i) which will affect the historic characteristics of the Premises or modify the appearance of the exterior of the Premises without Master Landlord's and Sublandlord's prior written consent or (ii) if such Alterations would preclude qualifying the Premises for inclusion on the National Register for Historic places.

7.3. **Ownership of Alterations**. Any Alterations constructed on or affixed to the Premises by or on behalf of Subtenant pursuant to the terms and limitations of Section 7.1 above shall be and remain Subtenant's property during the Term. Upon the termination of this Sublease, Subtenant shall remove all such Alterations from the Premises in accordance with the provisions of Section 18 hereof, unless Sublandlord, at its sole option and without limiting any of the provisions of Section 7.1 above, requires that such Alterations remain on the Premises following the expiration or termination of this Sublease.

7.4. **Subtenant's Personal Property**. All furniture, furnishings and articles of movable personal property and equipment installed in the Premises by or for the account of Subtenant that can be removed without structural or other material damage to the Premises (all of which are herein called "Subtenant's Personal Property") shall be and remain the property of Subtenant and may be removed by it subject to the provisions of Section 18 hereof. Subtenant shall be solely responsible for providing any security or other protection of or maintenance to Subtenant's Personal Property.

7.5. **Sublandlord's Alterations of the Premises and Premises Systems**. Sublandlord reserves the right at any time to make alterations, additions, repairs, deletions or improvements to the common areas or any other part of the Premises, provided that any such alterations or additions shall not materially adversely affect the functional utilization of the Premises for purposes stated herein.

8. REPAIRS AND MAINTENANCE

8.1. **Subtenant Responsible for Maintenance and Repair**. Subtenant assumes full and sole responsibility for the condition, operation, repair and maintenance and management of the Premises from and after the Commencement Date and shall keep the Premises in good condition and repair. Sublandlord shall not be responsible for the performance of any repairs,

changes or alterations to the Premises, nor shall Sublandlord be liable for any portion of the cost thereof. Subtenant shall make all repairs and replacements, interior and exterior, structural as well as non-structural, ordinary as well as extraordinary, foreseen and unforeseen, which may be necessary to maintain the Premises at all times in clean, safe, attractive and sanitary condition and in good order and repair, to Sublandlord's and Master Landlord's reasonable satisfaction, provided, however, that neither Subtenant nor Sublandlord shall be required to make structural repairs or Alterations to correct conditions affecting the Premises existing prior to the Commencement Date. If any portion of the Premises is damaged by any activities conducted by Subtenant or Subtenant's Agents or Subtenant's Invitees hereunder, Subtenant shall immediately, at its sole cost, repair all such damage and restore the Premises to its previous condition.

8.2. **Utilities**. Sublandlord shall provide the basic building utilities and services described in the attached Exhibit E. (the "Standard Utilities and Services") to the Premises, subject to the terms and conditions contained therein. Subtenant shall be responsible for furnishing, at its sole costs, any utilities or services other than or in excess of the Standard Utilities and Services that Subtenant may need for its use of the Premises. Subtenant shall pay, without set of or counterclaim, all amounts due and owing for such Standard Utilities and Services at the rates provided in and as otherwise set forth in Exhibit E.

8.3. **Floor Load**. Without Sublandlord's prior written consent, which Sublandlord may give or refuse in its sole discretion, Subtenant shall not place or install in the Premises any equipment that weighs in excess of the normal load-bearing capacity of the floors of the Premises. If Sublandlord consents to the placement or installation of any such machine or equipment in the Premises, Subtenant at its sole expense shall reinforce the floor of the Premises, pursuant to plans and specifications approved by Sublandlord and otherwise in compliance with Section 7.1 [Alterations] to the extent necessary to assure that no damage to the Premises or weakening of any structural support will be occasioned thereby.

8.4. **Janitorial Services**. Subtenant shall provide all janitorial services for the Premises.

8.5. **Pest Control**. Subtenant shall provide and pay for all pest control services required within the Premises, and shall keep the Premises free of all pests at all times.

8.6. **Trash**. Subtenant shall deposit all trash into designated containers in the Premises in compliance with the Rules and Regulations attached hereto as Exhibit D. Subtenant shall pay for the removal of trash from the designated containers. Subtenant shall abide by all rules established by Sublandlord or Master Landlord for the handling of trash.

8.7. **No Right to Repair and Deduct**. Subtenant expressly waives the benefit of any existing or future Laws or judicial or administrative decision that would otherwise permit Subtenant to make repairs or replacements at Sublandlord's expense, or to terminate this

Sublease because of Sublandlord's failure to keep the Premises or any part thereof in good order, condition or repair, or to abate or reduce any of Subtenant's obligations hereunder on account of the Premises or any part thereof being in need of repair or replacement. Without limiting the foregoing, Subtenant expressly waives the provisions of California Civil Code Sections 1932, 1941 and 1942 or any similar Laws with respect to any right of Subtenant to terminate this Sublease and with respect to any obligations of Sublandlord hereunder or and any right of Subtenant to make repairs or replacements and deduct the cost thereof.

9. LIENS

Subtenant shall keep the Premises free from any liens arising out of any work performed, material furnished or obligations incurred by or for Subtenant. In the event Subtenant does not, within five (5) days following the imposition of any such lien, cause the lien to be released of record by payment or posting of a proper bond, Sublandlord shall have in addition to all other remedies provided herein and by law or equity the right, but not the obligation, to cause the same to be released by such means as it shall deem proper, including, but not limited to, payment of the claim giving rise to such lien. All such sums paid by Sublandlord and all expenses it incurs in connection therewith (including, without limitation, reasonable attorneys' fees) shall be payable to Sublandlord by Subtenant upon demand. Sublandlord shall have the right at all times to post and keep posted on the Premises any notices permitted or required by law or that Sublandlord deems proper for its protection and protection of the Premises from mechanics' and materialmen's liens. Subtenant shall give Sublandlord at least fifteen (15) days' prior written notice of the commencement of any repair or construction on any of the Premises.

10. COMPLIANCE WITH LAWS

10.1. **Compliance with Laws**. Subtenant shall promptly, at its sole expense, maintain the Premises and Subtenant's use and operations thereon in strict compliance at all times with all present and future Laws, whether foreseen or unforeseen, ordinary as well as extraordinary, provided however, that Subtenant shall not be required to make repairs or structural changes to the Premises required solely to correct conditions affecting the Premises existing prior to the Commencement Date or not related to Subtenant's use of the Premises, unless the requirement for such changes is imposed as a result of any Alterations made or requested to be made by Subtenant. Such Laws shall include, without limitation, all Laws relating to health and safety and disabled accessibility including, without limitation, the Americans with Disabilities Act, 42 U.S.C.S. §§ 12101 et seq. and Title 24 of the California Code of Regulations, all present and future Environmental Laws (as defined in this Sublease below). No occurrence or situation arising during the Term, nor any present or future Law, whether foreseen or unforeseen, and however extraordinary, shall give Subtenant any right to seek redress against Sublandlord for failing to comply with any Laws. Subtenant waives any rights now or hereafter conferred upon it by any existing or future Law to compel Sublandlord to make any repairs to comply with any such Laws, on account of any such occurrence or situation.

10.2. **Regulatory Approvals**.

(a) **Responsible Party**. Subtenant understands and agrees that Subtenant's use of the Premises and construction of Alterations permitted hereunder may require authorizations, approvals or permits from governmental regulatory agencies with jurisdiction over the Premises. Subtenant shall be solely responsible for obtaining any and all such regulatory approvals, including without limitation any liquor permits or approvals. Subtenant shall not seek any regulatory approval without first obtaining the written consent of Sublandlord. Subtenant shall bear all costs associated with applying for, obtaining and maintaining any necessary or appropriate regulatory approval and shall be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval. Any fines or penalties levied as a result of Subtenant's failure to comply with the terms and conditions of any regulatory approval shall be immediately paid and discharged by Subtenant, and Sublandlord shall have no liability, monetary or otherwise, for any such fines or penalties. Subtenant shall indemnify, protect, defend and hold harmless forever ('Indemnify") the Sublandlord and City, including, but not limited to, all of their respective officers, directors, employees , agents, affiliates, subsidiaries, licensees, contractors, boards, commissions, departments, agencies and other subdivisions and each of the persons acting by, through or under each of them, and their respective heirs, legal representatives, successors and assigns, and each of them (the "Indemnified Parties") against any and all claims, demands, losses, liabilities, damages, liens, injuries, penalties, fines, lawsuits and other proceedings, judgments and awards and costs and expenses, including, without limitation, reasonable attorneys' and consultants' fees and costs ("Losses") arising in connection with Subtenant's failure to obtain or comply with the terms and conditions of any regulatory approval.

10.3. **Compliance with Sublandlord's Risk Management Requirements**. Subtenant shall not do anything, or permit anything to be done, in or about the Premises or any Alterations permitted hereunder that would create any unusual fire risk, and shall take commercially reasonable steps to protect Sublandlord from any potential premises liability. Subtenant shall faithfully observe, at its expense, any and all reasonable requirements of Sublandlord's Risk Manager with respect thereto and with the requirements of any policies of commercial general, all risk property or other policies of insurance at any time in force with respect to the Premises and any Alterations as required hereunder.

11. ENCUMBRANCES

11.1. **Encumbrance By Subtenant**. Notwithstanding anything to the contrary contained in this Sublease, Subtenant shall not under any circumstances whatsoever create any mortgage, deed of trust, assignment of rents, fixture filing, security agreement, or similar security instrument, or other lien or encumbrance or assignment or pledge of an asset as security in any manner against the Premises or Sublandlord's or Subtenant's interest under this Sublease.

12. DAMAGE OR DESTRUCTION

12.1. Damage or Destruction to the Premises. In the case of damage to or destruction of the Premises by earthquake, flood or any other casualty, which (i) is not caused by Subtenant or Subtenant's Agents or Subtenant's Invitees, (ii) is not covered by the insurance described in Section 16 below, (iii) prevents Subtenant from operating the Premises for the purposes stated herein, and (iv) costs more than Ten Thousand Dollars ($10,000) to repair, Subtenant may terminate this Sublease upon thirty (30) days prior written notice and upon any such termination Subtenant shall surrender the Premises in accordance with Section 18 (except for damage caused by the casualty pursuant to which the Sublease may be terminated under this Section 12.1) and both Parties shall be relieved of any liability for such termination or for repairing such damage. Except as specifically provided above, Subtenant shall, at its sole cost, promptly restore, repair, replace or rebuild the Premises to the condition the Premises were in prior to such damage or destruction, subject to any Alterations made in strict accordance with the requirements of Section 7.1 above. Under no circumstances shall Sublandlord have any obligation to repair, replace or rebuild the Premises in the event of a casualty.

12.2. No Abatement in Rent. In the event of any damage or destruction to the Premises, and if neither party terminates this Sublease as provided in Section 12.1 above, there shall be no abatement in the Rent payable hereunder.

12.3. Waiver. The Parties understand and agree that the foregoing provisions of this Section are intended to govern fully the rights and obligations of the Parties in the event of damage or destruction to the Premises or Alterations, and Sublandlord and Subtenant each hereby waives and releases any right to terminate this Sublease in whole or in part under Sections 1932.2 and 1933.4 of the Civil Code of California or under any similar Laws now or hereafter in effect, to the extent such rights are inconsistent with the provisions hereof.

13. ASSIGNMENT AND SUBLETTING

13.1. Restriction on Assignment and Subletting. Subtenant shall not directly or indirectly (including, without limitation, by merger, acquisition or other transfer of any controlling interest in Subtenant), voluntarily or by operation of Law, sell, assign, encumber, pledge or otherwise transfer any part of its interest in or rights with respect to the Premises, any Alterations or its interest in this Sublease, or permit any portion of the Premises to be occupied by anyone other than itself, or sublet any portion of the Premises, without Sublandlord's prior written consent in each instance, which Sublandlord may grant or withhold in its sole and absolute discretion.

14. DEFAULT; REMEDIES

14.1. Events of Default. Any of the following shall constitute an event of default ("Event of Default") by Subtenant hereunder:

(a) Failure to Pay Rent. Any failure to pay any Rent or any other sums due hereunder, including sums due for utilities, within five (5) days after such sums are due;

(b) Covenants, Conditions and Representations. Any failure to perform or comply with any other covenant, condition or representation made under this Sublease, provided Subtenant shall have a period of ten (10) days from the date of written notice from Sublandlord of such failure within which to cure such default under this Sublease, or, if such default is not capable of cure within such 10-day period, Subtenant shall have a reasonable period to complete such cure if Subtenant promptly undertakes action to cure such default within such 10-day period and thereafter diligently prosecutes the same to completion and uses its best efforts to complete such cure within sixty (60) days after the receipt of notice of default from Sublandlord.

(c) Vacation or Abandonment. Any abandonment of the Premises for more than fourteen (14) consecutive days; and

(d) Bankruptcy. The appointment of a receiver to take possession of all or substantially all of the assets of Subtenant, or an assignment by Subtenant for the benefit of creditors, or any action taken or suffered by Subtenant under any insolvency, bankruptcy, reorganization, moratorium or other debtor relief act or statute, whether now existing or hereafter amended or enacted.

14.2. Remedies. Upon the occurrence of an Event of Default by Subtenant, Sublandlord shall have the following rights and remedies in addition to all other rights and remedies available to Sublandlord at Law or in equity:

(a) Terminate Sublease and Recover Damages. The rights and remedies provided by law California Civil Code Section 1951.2 (damages on termination for breach), including, but not limited to, the right to terminate Subtenant's right to possession of the Premises and to recover the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of rental loss for the same period that Subtenant proves could be reasonably avoided, as computed pursuant to subsection (b) of such Section 1951.2. Sublandlord's efforts to mitigate the damages caused by Subtenant's breach of this Sublease shall not waive Sublandlord's rights to recover unmitigated damages upon termination.

(b) Appointment of Receiver. The right to have a receiver appointed for Subtenant upon application by Sublandlord to take possession of the Premises and to apply any rental collected from the Premises and to exercise all other rights and remedies granted to Sublandlord pursuant to this Sublease.

14.3. **Sublandlord's Right to Cure Subtenant's Defaults**. If Subtenant defaults in the performance of any of its obligations under this Sublease, then Sublandlord may at any time thereafter with three (3) days prior written notice (except in the event of an emergency as determined by Sublandlord), remedy such Event of Default for Subtenant's account and at Subtenant's expense. Subtenant shall pay to Sublandlord, as Additional Charges, promptly upon demand, all sums expended by Sublandlord, or other costs, damages, expenses or liabilities incurred by Sublandlord, including, without limitation, reasonable attorneys' fees, in remedying or attempting to remedy such Event of Default. Subtenant's obligations under this Section shall survive the termination of this Sublease. Nothing herein shall imply any duty of Sublandlord to do any act that Subtenant is obligated to perform under any provision of this Sublease, and Sublandlord's cure or attempted cure of Subtenant's Event of Default shall not constitute a waiver of Subtenant's Event of Default or any rights or remedies of Sublandlord on account of such Event of Default.

15. RELEASE AND WAIVER OF CLAIMS; INDEMNIFICATION

15.1. **Release and Waiver of Claims**. Subtenant, on behalf of itself and Subtenant's Agents, covenants and agrees that the Indemnified Parties shall not be responsible for or liable to Subtenant for, and, to the fullest extent allowed by any Laws, Subtenant hereby waives all rights against the Indemnified Parties and releases them from, any and all Losses, including, but not limited to, incidental and consequential damages, relating to any injury, accident or death of any person or loss or damage to any property, in or about the Premises, from any cause whatsoever, including without limitation, partial or complete collapse of the Premises due to an earthquake or subsidence, except only to the extent such Losses are caused exclusively by the gross negligence or willful misconduct of the Indemnified Parties (except as provided in Section 15.1(e) below). Without limiting the generality of the foregoing:

(a) Subtenant expressly acknowledges and agrees that the consideration and other sums payable hereunder does not take into account any potential liability of the Indemnified Parties for any consequential or incidental damages including, but not limited to, lost profits arising out of disruption to Subtenant's uses hereunder. Sublandlord would not be willing to enter into this Sublease in the absence of a complete waiver of liability for consequential or incidental damages due to the acts or omissions of the Indemnified Parties , and Subtenant expressly assumes the risk with respect thereto. Accordingly, without limiting any indemnification obligations of Subtenant or other waivers contained in this Sublease and as a material part of the consideration for this Sublease, Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims, demands, rights, and causes of action for consequential and incidental damages and covenants not to sue the Indemnified Parties for such damages arising out of this Sublease or the uses authorized hereunder, including, without limitation, any interference with uses conducted by Subtenant pursuant to this Sublease regardless of the cause.

(b) Without limiting any indemnification obligations of Subtenant or other waivers contained in this Sublease and as a material part of the consideration for this Sublease, Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims, demands, rights, and causes of action against, and covenants not to sue the Indemnified Parties under any present or future Laws, statutes, or regulations, including, but not limited to, any claim for inverse condemnation or the payment of just compensation under the law of eminent domain, or otherwise at equity, in the event that Sublandlord terminates this Sublease because of such claim for inverse condemnation or eminent domain.

(c) As part of Subtenant's agreement to accept the Premises in its "As Is" condition as provided herein, and without limiting such agreement and any other waiver contained herein, Subtenant on behalf of itself and its successors and assigns, waives its right to recover from, and forever RELEASES , WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way be connected with the physical or environmental condition of the Premises and any related improvements or any Laws or regulations applicable thereto or the suitability of the Premises for Subtenant's intended use.

(d) Subtenant acknowledges that it will not be a displaced person at the time this Sublease is terminated, and Subtenant fully RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses and any and all claims , demands or rights against any of the Indemnified Parties under any present and future Laws, including, without limitation, any and all claims for relocation benefits or assistance form the Indemnified Parties under federal and state relocation assistance laws.

(e) Without limiting any other waiver contained herein, Subtenant on behalf of itself and its successors and assigns, hereby waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way be connected with the Indemnified Parties decision to Sublease the Premises to the Subtenant, regardless of whether or not such decision is or may be determined to be an act of gross negligence or willful misconduct of the Indemnified Parties.

(f) Subtenant covenants and agrees never to file, commence, prosecute or cause to be filed, commenced or prosecuted against the Indemnified Parties any claim, action or proceeding based upon any claims, demands, causes of action, obligations, damages, losses, costs, expenses or liabilities of any nature whatsoever encompassed by the waivers and releases set forth in this Section 15.1.

(g) In executing these waivers and releases, Subtenant has not relied upon any representation or statement other than as expressly set forth herein.

(h) Subtenant had made such investigation of the facts pertaining to these waivers and releases it deems necessary and assumes the risk of mistake with respect to such facts. These waivers and releases are intended to be final and binding on Subtenant regardless of any claims of mistake.

(i) In connection with the foregoing releases, Subtenant acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads:

> **A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.**

Subtenant acknowledges that the releases contained herein includes all known and unknown, disclosed and undisclosed, and anticipated and unanticipated claims. Subtenant realizes and acknowledges that it has agreed upon this Sublease in light of this realization and, being fully aware of this situation, it nevertheless intends to waive the benefit of Civil Code Section 1542, or any statute or other similar law now or later in effect. The waivers and releases contained herein shall survive any termination of this Sublease.

15.2. Subtenant's Indemnity. Subtenant, on behalf of itself and Subtenant's Agents, shall Indemnify the Indemnified Parties from and against any and all Losses, expressly including but not limited to, any Losses arising out of a partial or complete collapse of the Premises due to an earthquake or subsidence, incurred in connection with or arising directly or indirectly, in whole or in part, out of: (a) any damage to or destruction of any property owned by or in the custody of Subtenant or Subtenant's Agents or Subtenant's Invitees, (b) any accident, injury to or death of a person, including, without limitation, Subtenant's Agents and Subtenant's Invitees, howsoever or by whomsoever caused, occurring in, on or about the Premises (c) any default by Subtenant in the observation or performance of any of the terms, covenants or conditions of this Sublease to be observed or performed on Subtenant's part; (d) the use, occupancy, conduct or management, or manner of use, occupancy, conduct or management by Subtenant, Subtenant's Agents or Subtenant's Invitees or any person or entity claiming through or under any of them, of the Premises or any Alterations; (e) the condition of the Premises , including the Premises, (f) any construction or other work undertaken by Subtenant on or about the Premises whether before or during the Term of this Sublease; or (g) any acts, omissions or negligence of Subtenant, Subtenant's Agents or Subtenant's Invitees, or of any trespassers, in, on or about the Premises or any Alterations; except to the extent that such Indemnity is void or otherwise unenforceable under any applicable Laws in effect on or validly retroactive to the date of this Sublease and further except only to the extent such Losses are caused by the gross negligence and intentional wrongful acts and omissions of the Indemnified Parties. Notwithstanding the foregoing, Subtenant's obligations to indemnify the Indemnified Parties under this Section 15.2 shall remain

in full force and effect regardless of whether or not the Indemnified Parties' decision to Sublease the Premises to the Subtenant, given the seismic condition of the property, is or may be determined to be an act of gross negligence or willful misconduct of the Indemnified Parties. The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and Sublandlord's costs of investigating any Loss. Subtenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend Sublandlord and the other Indemnified Parties from any claim which actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Subtenant by Sublandlord and continues at all times thereafter. Subtenant's obligations under this Section shall survive the expiration or sooner termination of this Sublease. Notwithstanding anything contained herein, to the extent such Losses are not covered by insurance required herein and subject to Section 12.1 above, Subtenant shall have no obligation to repair, restore or reconstruct the Premises (or to pay for the same) in the event the Premises are damaged or destroyed by an earthquake or subsidence or by any other uninsured casualty.

16. INSURANCE

16.1. Subtenant's Insurance. Subtenant shall procure and maintain throughout the Term of this Sublease and pay the cost thereof the following insurance:

(a) Property Insurance. Subtenant shall procure and maintain, at its own cost, a standard fire and extended coverage insurance policy insuring the Premises, including, without limitation, the Premises and all fixtures, Alterations, furniture and equipment located thereon, in an amount not less than the full replacement value.

(b) Public Liability and Other Insurance. Subtenant shall at all times, at its cost, also maintain insurance for the mutual benefit of Sublandlord and Subtenant against:

(i) Claims for personal injury under a policy of commercial general liability insurance, including without limitation, claims for bodily injury , property damage or employer's liability occurring in or upon the Premises, in an amount not less than $5,000,000 combined single limit. Such insurance shall provide coverage at least as broad as provided under Insurance Service Form Number CG-00-01-11-88.

(ii) Worker's compensation insurance with employer's liability insurance covering all persons employed and with respect to whom death or bodily injury claims could be asserted against Sublandlord, Subtenant, the Premises or any other Sublandlord property, in an amount not less than $1,000,000 each accident.

(iii) Automobile liability insurance with limits not less than $1,000,000 each occurrence combined single limit for bodily injury and property damage, including owned

and non-owned and hired vehicles, if Subtenant uses automobiles in connection with its use of the Premises. Such insurance shall provide coverage at least as broad as provided under Insurance Service Form Number CA-00-01-06-92.

16.2. **General Requirements**. All insurance provided for under this Sublease shall be effected under valid enforceable policies issued by insurers of recognized responsibility and reasonably approved by Sublandlord.

(a) Should any of the required insurance be provided under a claims-made form, Subtenant shall maintain such coverage continuously throughout the term hereof and, without lapse, for a period of three (3) years beyond the expiration or termination of this Sublease, to the effect that, should occurrences during the Term give rise to claims made after expiration or termination of this Sublease, such claims shall be covered by such claims-made policies.

(b) Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general aggregate limit shall double the occurrence or claims limits specified above.

(c) All liability insurance policies shall be endorsed to provide the following:

(i) Cover Subtenant as the insured and the Sublandlord and the Master Landlord as additional insureds.

(ii) That such policies are primary insurance to any other insurance available to the additional insureds, with respect to any claims arising out of this Sublease, and that insurance applies separately to each insured against whom claim is made or suit is brought. Such policies shall also provide for severability of interests and that an act or omission of one of the named insureds which would void or otherwise reduce coverage shall not reduce or void the coverage as to any insured, and shall afford coverage for all claims based on acts, omissions, injury or damage which occurred or arose (or the onset of which occurred or arose) in whole or in part during the policy period.

(iii) All policies shall be endorsed to provide thirty (30) days' advance written notice to Sublandlord of cancellation, non-renewal or reduction in coverage, mailed to the address(es) for Sublandlord set forth in the Basic Sublease Information.

16.3. **Proof of Insurance**. Subtenant shall deliver to Sublandlord certificates of insurance in form and with insurers satisfactory to Sublandlord, evidencing the coverages required hereunder, on or before the Commencement Date, together with complete copies of the policies promptly upon Sublandlord's request, and Subtenant shall provide Sublandlord with

certificates or policies thereafter at least thirty (30) days before the expiration dates of expiring policies. As to the insurance required pursuant to Section 16.1(b)(1) above, such certificate shall state, among other things, that such insurance coverage includes and shall cover Subtenant's indemnity obligations under Section 15.2 above. In the event Subtenant shall fail to procure such insurance, or to deliver such policies or certificates, Sublandlord may, at its option, procure the same for the account of Subtenant, and the cost thereof shall be paid to Sublandlord within five (5) days after delivery to Subtenant of bills therefor.

16.4. **No Limitation on Indemnities**. Subtenant's compliance with the provisions of this Section shall in no way relieve or decrease Subtenant's indemnification obligations herein or any of Subtenant's other obligations or liabilities under this Sublease.

16.5. **Lapse of Insurance**. Notwithstanding anything to the contrary in this Sublease, Sublandlord may elect in Sublandlord's sole and absolute discretion to terminate this Sublease upon the lapse of any required insurance coverage by written notice to Subtenant.

16.6. **Subtenant's Personal Property**. Subtenant shall be responsible, at its expense, for separately insuring Subtenant's Personal Property.

17. ACCESS BY SUBLANDLORD

17.1. **Access to Premises by Sublandlord**.

(a) **General Access**. Sublandlord reserves for itself and Sublandlord's Agents, the right to enter the Premises and any portion thereof at all reasonable times upon not less than twenty-four (24) hours oral or written notice to Subtenant (except in the event of an emergency) for any purpose.

(b) **Emergency Access**. In the event of any emergency, as determined by Sublandlord, Sublandlord may, at its sole option and without notice, enter the Premises and alter or remove any Alterations or Subtenant's Personal Property on or about the Premises. Sublandlord shall have the right to use any and all means Sublandlord considers appropriate to gain access to any portion of the Premises in an emergency. In such case, Sublandlord shall not be responsible for any damage or injury to any such property, nor for the replacement of any such property and any such emergency entry shall not be deemed to be a forcible or unlawful entry onto or a detainer of, the Premises, or an eviction, actual or constructive, of Subtenant from the Premises or any portion thereof.

(c) **No Liability**. Sublandlord shall not be liable in any manner, and Subtenant hereby waives any claims, for any inconvenience, disturbance, loss of business, nuisance or other damage arising out of Sublandlord's entry onto the Premises, except damage resulting directly and exclusively from the gross negligence or willful misconduct of Sublandlord

or Sublandlord's Agents and not contributed to by the acts, omissions or negligence of Subtenant, Subtenant's Agents or Subtenant's Invitees.

17.2. **Access to Premises by Master Landlord**. Subtenant acknowledges and agrees that Master Landlord shall have all of the rights of access to the Premises described in the Master Lease.

18. SURRENDER

18.1. **Surrender of the Premises**. Upon the termination of this Sublease, Subtenant shall surrender to Sublandlord the Premises in the same condition as of the Commencement Date, ordinary wear and tear excepted, and free and clear of all liens, easements and other Encumbrances created or suffered by, through or under Subtenant. On or before any termination hereof, Subtenant shall, at its sole cost, remove any and all of Subtenant's Personal Property from the Premises and demolish and remove any and all Alterations from the Premises (except for any Alterations that Sublandlord agrees are to remain part of the Premises pursuant to the provisions of Section 7.4 above). In addition, Subtenant shall, at its sole expense, repair any damage to the Premises resulting from the removal of any such items and restore the Premises to their condition immediately prior to the presence of any Alterations. In connection therewith, Subtenant shall obtain any and all necessary permits and approvals, including, without limitation, any environmental permits, and execute any manifests or other documents necessary to complete the demolition, removal or restoration work required hereunder. Subtenant's obligations under this Section shall survive the termination of this Sublease. Any items of Subtenant's Personal Property remaining on or about the Premises after the termination of this Sublease may, at Sublandlord's option and after thirty (30) days written notice to Subtenant, be deemed abandoned and in such case Sublandlord may dispose of such property in accordance with Section 1980 et seq. of the California Civil Code or in any other manner allowed by Law.

If Subtenant fails to surrender the Premises to Sublandlord upon the termination of this Sublease as required by this Section, Subtenant shall Indemnify Sublandlord against all Losses resulting therefrom, including, without limitation, Losses made by a succeeding Subtenant resulting from Subtenant's failure to surrender the Premises.

18.2. **Security Deposit**. Subtenant shall pay to Sublandlord upon execution of this Sublease a security deposit in the amount of Eighteen Thousand Dollars ($18,000) as security for the faithful performance of all terms, covenants and conditions of this Sublease. Subtenant agrees that Sublandlord may (but shall not be required to) apply the security deposit in whole or in part to remedy any damage to the Premises caused by Subtenant, Subtenant's Agents or Subtenant's Invitees, or any failure of Subtenant to perform any other terms, covenants or conditions contained in this Sublease, without waiving any of Sublandlord's other rights and remedies hereunder or at Law or in equity. Should Sublandlord use any portion of the security deposit to cure any Event of Default by Subtenant hereunder, Subtenant shall immediately

replenish the security deposit to the original amount, and Subtenant's failure to do so within five (5) days of Sublandlord's notice shall constitute a material Event of Default under this Sublease. Sublandlord's obligations with respect to the security deposit are solely that of debtor and not trustee. Sublandlord shall not be required to keep the security deposit separate from its general funds, and Subtenant shall not be entitled to any interest on such deposit. The amount of the security deposit shall not be deemed to limit Subtenant's liability for the performance of any of its obligations under this Sublease. To the extent that Sublandlord is not entitled to retain or apply the security deposit pursuant to this Section 18.2, Sublandlord shall return such security deposit to Sublandlord within forty-five (45) days of the termination of this Sublease.

19. HAZARDOUS MATERIALS

19.1. No Hazardous Materials. Subtenant covenants and agrees that neither Subtenant nor any of Subtenant's Agents or Subtenant's Invitees shall cause or permit any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment, including, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended, (42 U.S.C. Sections 9601 et seq.) or pursuant to Section 25281 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the structure of any existing improvements on the Premises, or are naturally occurring substances on, in or about the Premises; and petroleum, including crude oil or any fraction thereof, and natural gas or natural gas liquids ("Hazardous Material") to be brought upon, kept, used, stored, generated or disposed of in, on or about the Premises or transported to or from the Premises without the prior written approval of Sublandlord, which approval may be withheld in Sublandlord's sole and absolute discretion. Subtenant shall immediately notify Sublandlord if and when Subtenant learns or has reason to believe there has been any release of Hazardous Material in, on or about the Premises . Sublandlord may from time to time request Subtenant to provide adequate information for Sublandlord to determine that any Hazardous Material permitted hereunder is being handled in compliance with all applicable federal, state or local Laws or policies relating to Hazardous Material (including, without limitation, its use, handling, transportation, production, disposal, discharge or storage) or to human health and safety, industrial hygiene or environmental conditions in, on, under or about the Premises and any other property, including, without limitation, soil, air and groundwater conditions ("Environmental Laws"), and Subtenant shall promptly provide all such information. Sublandlord and Sublandlord's Agents shall have the right to inspect the Premises for Hazardous Material and compliance with the provisions hereof at all reasonable times upon reasonable advance oral or written notice to Subtenant (except in the event of an emergency). Without limiting the foregoing, Subtenant acknowledges and agrees that it shall be bound by and will comply with the environmental protection provisions provided for

in Section 13 of the Master Lease.

19.2. **Subtenant's Environmental Indemnity**. If Subtenant breaches any of its obligations contained in Section 19.1 above, or, if any act or omission or negligence of Subtenant or any of Subtenant's Agents or Subtenant's Invitees results in any spilling, leaking, pumping, pouring, emitting, discharging, injecting, escaping, leeching or dumping ("Release") of Hazardous Material in, on, under or about the Premises or the Property, without limiting Subtenant's general Indemnity contained in Section 15.2 above, Subtenant, on behalf of itself and Subtenant's Agents, shall Indemnify the Indemnified Parties, and each of them, from and against all any and all enforcement, investigation, remediation or other governmental or regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Environmental Laws together with any and all Losses made or threatened by any third party against Sublandlord, Sublandlord's Agents, or the Premises, relating to damage, contribution, cost recovery compensation, loss or injury resulting from the presence, Release or discharge of any Hazardous Materials, including, without limitation, Losses based in common law, investigation and remediation costs, fines, natural resource damages, damages for decrease in value of the Premises, the loss or restriction of the use or any amenity of the Premises and attorneys' fees and consultants' fees and experts' fees and costs ("Hazardous Materials Claims") arising during or after the Term of this Sublease and relating to such Release. The foregoing Indemnity includes, without limitation, all costs associated with the investigation and remediation of Hazardous Material and with the restoration of the Premises or the Property to its prior condition including, without limitation, fines and penalties imposed by regulatory agencies, natural resource damages and losses, and revegetation of the Premises or other Sublandlord property. Without limiting the foregoing, if Subtenant or any of Subtenant's Agents or Subtenant's Invitees, causes or permits the Release of any Hazardous Materials in, on, under or about the Premises or the Property, Subtenant shall, immediately, at no expense to Sublandlord, take any and all appropriate actions to return the Premises or other Sublandlord property affected thereby to the condition existing prior to such Release and otherwise investigate and remediate the Release in accordance with all Environmental Laws. Subtenant shall provide Sublandlord with written notice of and afford Sublandlord a full opportunity to participate in any discussions with governmental regulatory agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree, permit, approvals, or other compromise or proceeding involving Hazardous Material.

19.3. **Acknowledgment of Receipt of EBS and FOSL Reports.** Subtenant hereby acknowledges for itself and Subtenant's Agents that, prior to the execution of this Sublease, it has received and reviewed the Environmental Baseline Survey ("EBS") and the Finding of Suitability to Lease ("FOSL") described in Section 7 of the Master Lease.

20. GENERAL PROVISIONS

20.1. **Notices**. Except as otherwise expressly provided in this Sublease, any notice given hereunder shall be effective only in writing and given by delivering the notice in person, or

by sending it first class mail or certified mail with a return receipt requested or reliable commercial overnight courier, return receipt requested, with postage prepaid as follows:

Notice Address of Sublandlord	Treasure Island Development Authority Treasure Island Project Office 401 Palm Avenue Building 1, Room 237 Treasure Island Attn: Executive Director Fax No.: 415-274-0662
with a copy to:	Office of the City Attorney City Hall, Second Floor 1 Dr. Carlton B. Goodlett Place San Francisco, CA 94102 Attn: Michael S. Cohen Fax No.: (415) 554-4755
Notice Address of Subtenant:	Island Creative Management LLC Building 2, California Avenue Treasure Island San Francisco, CA 94130 Attn: Chris Kelly Fax No.: 707-557-6973
Notice Address of Master Landlord:	Commanding Officer (Code 24) Engineering Field Activity Southwest Division Naval Facilities Engineering Command 1230 Columbia Street, Suite 1100 San Diego, California 92101

Any Party hereunder may designate a new address for notice purposes hereunder at least ten (10) days prior to the effective date of such change. Any notice hereunder shall be deemed to have been given two (2) days after the date when it is mailed if sent by first class or certified mail, one day after the date it is made, if sent by commercial overnight carrier, or upon the date personal delivery is made, and any refusal by either Party to accept the attempted delivery of any notice, if such attempted delivery is in compliance with this Section 20.1 and applicable Laws, shall be deemed receipt of such notice..

20.2. **No Implied Waiver**. No failure by Sublandlord to insist upon the strict performance of any obligation of Subtenant under this Sublease or to exercise any right, power or remedy arising out of a breach thereof, irrespective of the length of time for which such failure

continues, no acceptance of full or partial payment for any sums due hereunder during the continuance of any such breach, and no acceptance of the keys to or possession of the Premises prior to the expiration of the Term by any Agent of Sublandlord, shall constitute a waiver of such breach or of Sublandlord's right to demand strict compliance with such term, covenant or condition or operate as a surrender of this Sublease. No express written waiver of any default or the performance of any provision hereof shall affect any other default or performance, or cover any other period of time, other than the default, performance or period of time specified in such express waiver. One or more written waivers of a default or the performance of any provision hereof shall not be deemed to be a waiver of a subsequent default or performance. The consent of Sublandlord given in any instance under the terms of this Sublease shall not relieve Subtenant of any obligation to secure the consent of Sublandlord in any other or future instance under the terms of this Sublease.

20.3. **Amendments**. Neither this Sublease nor any term or provisions hereof may be changed, waived, discharged or terminated, except by a written instrument signed by the Parties hereto.

20.4. **Authority**. If Subtenant signs as a corporation, a partnership or a limited liability company, each of the persons executing this Sublease on behalf of Subtenant does hereby covenant and warrant that Subtenant is a duly authorized and existing entity, that Subtenant has and is qualified to do business in California, that Subtenant has full right and authority to enter into this Sublease, and that each and all of the persons signing on behalf of Subtenant are authorized to do so. Upon Sublandlord's request, Subtenant shall provide Sublandlord with evidence reasonably satisfactory to Sublandlord confirming the foregoing representations and warranties. Without limiting the generality of the foregoing, Subtenant represents and warrants that it has full power to make the waivers and releases , indemnities and the disclosure set forth herein, and that it has received independent legal advice from its attorney as to the advisability of entering into a sublease containing those provisions and their legal effect.

20.5. **Joint and Several Obligations**. The word "Subtenant" as used herein shall include the plural as well as the singular. If there is more than one Subtenant, the obligations and liabilities under this Sublease imposed on Subtenant shall be joint and several.

20.6. **Interpretation of Sublease**. The captions preceding the articles and sections of this Sublease and in the table of contents have been inserted for convenience of reference only and such captions shall in no way define or limit the scope or intent of any provision of this Sublease. This Sublease has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein and shall be interpreted to achieve the intents and purposes of the Parties, without any presumption against the party responsible for drafting any part of this Sublease. Provisions in this Sublease relating to number of days shall be calendar days, unless otherwise specified, provided that if the last day of any period to give notice, reply to a notice or to undertake any other action occurs on a Saturday, Sunday or a bank or Sublandlord

holiday, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding business day. Use of the word "including" or similar words shall not be construed to limit any general term, statement or other matter in this Sublease, whether or not language of non-limitation, such as "without limitation" or similar words, are used. Unless otherwise provided herein, whenever the consent of Sublandlord is required to be obtained by Subtenant hereunder, Sublandlord may give or withhold such consent in its sole and absolute discretion.

20.7. **Successors and Assigns**. Subject to the provisions of Section 13, the terms, covenants and conditions contained in this Sublease shall bind and inure to the benefit of Sublandlord and Subtenant and, except as otherwise provided herein, their personal representatives and successors and assigns; provided, however, that upon any transfer by Sublandlord (or by any subsequent Sublandlord) of its interest in the Premises as lessee, including any transfer by operation of Law, Sublandlord (or any subsequent Sublandlord) shall be relieved from all subsequent obligations and liabilities arising under this Sublease subsequent to such transfer.

20.8. **Brokers**. Neither party has had any contact or dealings regarding the leasing of the Premises, or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the Sublease contemplated herein. In the event that any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes a claim shall be responsible for such commission or fee and shall Indemnify the other party from any and all Losses incurred by the indemnified party in defending against the same. The provisions of this Section shall survive any termination of this Sublease.

20.9. **Severability**. If any provision of this Sublease or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Sublease, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Sublease shall be valid and be enforceable to the fullest extent permitted by Law.

20.10. **Governing Law**. This Sublease shall be construed and enforced in accordance with the Laws of the State of California and the federal government.

20.11. **Entire Agreement**. This instrument (including the exhibits hereto, which are made a part of this Sublease) contains the entire agreement between the Parties and supersedes al prior written or oral negotiations, discussions, understandings and agreements. The Parties further intend that this Sublease shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever (including prior drafts of this Sublease and any

changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this Sublease. Subtenant hereby acknowledges that neither Sublandlord nor Sublandlord's Agents have made any representations or warranties with respect to the Premises or this Sublease except as expressly set forth herein, and no rights, easements or licenses are or shall be acquired by Subtenant by implication or otherwise unless expressly set forth herein. Notwithstanding the foregoing, the Parties shall make a good faith effort to negotiate mutually acceptable changes to this Sublease, if any, within ninety (90) days of the date hereof, provided however, that such changes, if any, shall be subject to the approval of the Master Landlord.

20.12. Attorneys' Fees. In the event that either Sublandlord or Subtenant fails to perform any of its obligations under this Sublease or in the event a dispute arises concerning the meaning or interpretation of any provision of this Sublease, the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder (whether or not such action is prosecuted to judgment), including, without limitation, court costs and reasonable attorneys' fees.

20.13. Time of Essence. Time is of the essence with respect to all provisions of this Sublease in which a definite time for performance is specified.

20.14. Cumulative Remedies. All rights and remedies of either party hereto set forth in this Sublease shall be cumulative, except as may otherwise be provided herein.

20.15. Survival of Indemnities. Termination of this Sublease shall not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Sublease, nor shall it affect any provision of this Sublease that expressly states it shall survive termination hereof. Subtenant specifically acknowledges and agrees that, with respect to each of the indemnities contained in this Sublease, Subtenant has an immediate and independent obligation to defend Sublandlord and the other Indemnified Parties from any claim which actually or potentially falls within the indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Subtenant by Sublandlord and continues at all times thereafter.

20.16. Relationship of Parties. Sublandlord is not, and none of the provisions in this Sublease shall be deemed to render Sublandlord, a partner in Subtenant's business, or joint venturer or member in any joint enterprise with Subtenant. This Sublease is not intended nor shall it be construed to create any third party beneficiary rights in any third party, unless otherwise expressly provided. The granting of this Sublease by Sublandlord does not constitute authorization or approval by Sublandlord of any activity conducted by Subtenant on, in or relating to the Premises.

20.17. Recording. Subtenant agrees that it shall not record this Sublease nor any memorandum or short form hereof in the official records of any county.

20.18. Non-Liability of Indemnified Parties' officials, employees and Agents. No elective or appointive board, commission, member, officer or employee of any of the Indemnified Parties shall be personally liable to Subtenant, its successors and assigns, in the event of any default or breach by Sublandlord or for any amount which may become due to Subtenant, its successors and assigns, or for any obligation of Sublandlord under this Agreement.

20.19. No Discrimination. Subtenant shall comply with the non-discrimination provisions of Section 19.1 of the Master Lease, including, without limitation, posting all notices required therein.

20.20. Counterparts. This Sublease may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

20.21. Master Landlord's Consent. This Sublease is expressly conditioned upon receipt of the written consent of Master Landlord

21. SPECIAL PROVISIONS

21.1. Signs. Subtenant agrees that it will not erect or maintain, or permit to be erected or maintained, any signs, notices or graphics upon or about the Premises which are visible in or from public corridors or other portions of any common areas of the Premises or from the exterior of the Premises, without Sublandlord's prior written consent, which Sublandlord may withhold or grant in its sole discretion.

21.2. Public Transit Information. Subtenant shall establish and carry on during the Term a program to encourage maximum use of public transportation by personnel of Subtenant employed on the Premises, including, without limitation, the distribution to such employees of written materials explaining the convenience and availability of public transportation facilities adjacent or proximate to the Premises and encouraging use of such facilities, all at Subtenant's sole expense.

21.3. Non-Discrimination.

(a) Covenant Not to Discriminate. In the performance of this Sublease, Subtenant covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, any City employee working with, or applicant for employment with, Subtenant in any of Subtenant's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services,

or membership in all business, social, or other establishments or organizations operated by Subtenant.

(b) Subleases and Other Subcontracts. Subtenant shall include in all Subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to such Subtenant or other subcontractor in substantially the form of subsection (a) above. In addition, Subtenant shall incorporate by reference in all subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all Subtenants and other subcontractors to comply with such provisions. Subtenant's failure to comply with the obligations in this subsection shall constitute a material breach of this Sublease.

(c) Non-Discrimination in Benefits. Subtenant does not as of the date of this Sublease and will not during the Term, in any of its operations in San Francisco or where the work is being performed for the City or elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) HRC Form. Subtenant shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission (the "HRC").

(e) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Subtenant shall comply fully with and be bound by all of the provisions that apply to this Sublease under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Subtenant understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of $50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Sublease may be assessed against Subtenant and/or deducted from any payments due Subtenant.

21.4. No Relocation Assistance; Waiver of Claims. Subtenant acknowledges that it will not be a displaced person at the time this Sublease is terminated or expires by its own terms, and Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all Claims

against, and covenants not to sue, Sublandlord, its departments, commissions, officers, directors and employees, and all persons acting by, through or under each of them, under any laws, including, without limitation, any and all claims for relocation benefits or assistance from Sublandlord under federal and state relocation assistance laws (including, but not limited to, California Government Code Section 7260 et seq.), except as otherwise specifically provided in this Sublease with respect to a Taking.

21.5. MacBride Principles - Northern Ireland. The City and County of San Francisco urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages then to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, et seq. The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Subtenant acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

21.6. Tropical Hardwood Ban. The City and County of San Francisco urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood or tropical hardwood product.

21.7. Conflicts of Interest. Subtenant states that it is familiar with the provisions of Section 8.105 and 8.106 of the San Francisco Charter and certifies that it knows of no facts which would constitute a violation of such provisions. Subtenant further certifies that it has made a complete disclosure to the Sublandlord of all facts bearing on any possible interests, direct or indirect, which Subtenant believes any officer or employee of the Sublandlord presently has or will have in this Sublease or in the performance thereof or in any portion of the profits thereof. Willful failure by Subtenant to make such disclosure, if any, shall constitute grounds for the Sublandlord's termination and cancellation of this Sublease.

21.8. Prevailing Wages for Construction Work. Subtenant agrees that to the extent any person performing labor in the construction of the Alterations required under Section 7 [Alterations] is paid wages for such labor, such person shall be paid not less than the highest prevailing rate of wages and that Subtenant shall include, in any contract for construction of such improvements, a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Subtenant further agrees that, as to the construction of such improvements under this Sublease, Subtenant shall comply with all the provisions of subsection (b) of San Francisco Charter Section A7.204 and Sections 6.33 through 6.45 of the San Francisco Administrative Code that relate to payment of prevailing wages. Subtenant shall require any contractor to provide, and shall deliver to Sublandlord every two weeks during any construction period, certified payroll reports with respect to all persons performing labor in the construction of any of the required alterations.

21.9. **Prohibition of Tobacco Advertising**. Subtenant acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on any real property owned by or under the control of the Authority or the City, including the Premises and the Property. This prohibition includes the placement of the name of a company producing selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This prohibition does not apply to any advertisement sponsored by a state, local or nonprofit entity designed to communication the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking.

Sublandlord and Subtenant have executed this Sublease in triplicate as of the date first written above.

SUBTENANT:

_____

a _____

By:
Its: _____

SUBLANDLORD:
Treasure Island Development Authority

By: _____
Its: _____

Approved as to Form:

_____
Deputy City Attorney

EXHIBIT A

MASTER LEASE

EXHIBIT B

DIAGRAM OF THE PREMISES

EXHIBIT C

COVER PAGE OF THE SEISMIC REPORT

EXHIBIT D

RULES AND REGULATIONS

EXHIBIT E

STANDARD UTILITIES AND SERVICES AND RATES

Notes

AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Agenda No: 8 **Meeting Date:** 11/13/02

Subject: Resolution Authorizing the Executive Director to Extend the Term of the Land and Structures Master with the United States Navy. (Action Item)

Staff Contact: Marianne Conarroe
(415) 274-0660

SUMMARY OF PROPOSED ACTION:
Staff requests the approval to extend the Land and Structures Master Lease with the United States Navy for an additional one-year term.

BACKGROUND:
On November 18, 1998, the Treasure Island Development Authority, (the "Authority"), entered into Lease agreements with the United States Navy, (the "Navy") for the Land and Structures Master Lease. The Navy and the Authority have from time-to-time entered into amendments to either extend the term of the lease, or to change the over premises of the leased areas.

The premises for the Land and Structures Master Lease generally consists of the area where California Engineering Contractors/Modern Contintental has their lay-down space, the area along Perimeter Path on the northern edge of TI surrounding the housing, Buildings 128, 129, 130 and 131 that were later deconstructed, Buildings 62 and 217, the Brig, the parking lot north of the Child Care Center along 9th Avenue and Avenues D and E, and the area occupied by Rubicon in Building 335.

RECOMMENDATION
There hasn't been any change to the overall premises since the Authority approved the last amendment on May 8, 2002. It is the understanding from staff that the Navy does not want to extend the term of the master leases beyond one year in anticipation that portions of the property could be ready for transfer to the Authority within the next year or so. Staff recommends approval for the Authority to extend the term of the three master leases for one more year.

EXHIBITS
A Map of Leased Premises for the Land and Structures Master Lease and copy of Tenth Amendment to Lease Agreement #N6247499RP4212 Between US Navy and the Authority.

[Land and Structures Master Lease Amendment]

AUTHORIZING AN AMENDMENT TO THE LAND AND STRUCTURES MASTER LEASE BETWEEN THE TREASURE ISLAND DEVELOPMENT AUTHORITY AND THE UNITED STATES NAVY TO EXTEND THE TERM OF THE MASTER LEASE UNTIL NOVEMBER 18, 2003.

WHEREAS, the Treasure Island Development Authority, ("Authority") and the United States Navy, ("Navy"), entered into the Land and Structures Master Lease, dated November 18, 1998; and

WHEREAS, the Master Lease enables the Authority to sublease portions of the leased areas for interim uses; and

WHEREAS, the area covered by the Land and Structures Master Lease is depicted on Exhibit A, attached; and

WHEREAS, The Navy and the Authority have, from time-to-time amended the Master Lease to either extend the term, or to add or remove structures, buildings, and/or portions of property on the base; and

WHEREAS, The Navy and the Authority last amended the Master Lease on May 8, 2002, (Resolution #02-100-5/8) to change the premises of the sublease with California Engineering Contractors; and

WHEREAS, the Authority and the Navy wish to amend the Land and Structures Master Lease to extend the term of the lease from November 18, 2002

to, November 18, 2003, now therefore be it

RESOLVED, that Treasure Island Development Authority Board of Directors hereby authorizes the Executive Director to accept the amendment as proposed by the Navy to extend the term for the Land and Structures Master Lease from November 18, 2002 to November 18, 2003.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors at a properly noticed meeting on November 13, 2002.

_____

William Fazande, Secretary

Notes

Notes

Notes

Notes

Notes

Notes

OFFICE OF THE MAYOR
SAN FRANCISCO

TREASURE ISLAND DEVELOPMENT AUTHORITY
410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND

WILLIE LEWIS BROWN, JR.

F
74
2
/13/02
ct

DRAFT Minutes of Meeting
Treasure Island Development Authority
November 13, 2002

City Hall, Board of Supervisors Chambers
1 Carlton B. Goodlett Place

1. Call to order 1:48 PM

Roll Call **Present:** Claudine Cheng (Chair)
John Elberling
Gerald Green
Susan Po-Rufino
Marcia Rosen
Doug Wong

Excused: William Fazande (Vice-Chair)

2. Ms. Rosen moved for approval of the minutes from the October 9, 2002 meeting with the stipulation that on page 6 her comment be corrected from "incredible other financing" to "available other financing". Ms. Cheng seconded the motion.
The minutes were approved unanimously

3. Director's Report given by Executive Director Annemarie Conroy:
Public Use: Many groups used Island in past month, including Alzheimer's Association, Golden Gate Harley-Davidson Club fund-raiser and Navy Parents Association. Successful Fleet Week this October, first in two years as there was no Fleet Week in 2001 due to the events of 9/11/01. TIHDI Annual Picnic on October 19th was a great success and well attended, as was Tri-Cal Events 2nd annual Treasure Island triathlon on November 2nd.
Environmental cleanup status: Public comment period of Navy EECA ended on Friday, November 8th. TIDA made extensive comments on this document. (Director Conroy handed out environmental clean-up fact sheet distributed to residents by U.S. Navy). TIDA is asking the Navy to do more outreach than simply what is required under the law
Short term leases: No new short term leases
Caltrans/Bay Bridge: Nothing new to report
Community Issues: EECA raising concern among residents. TIDA encouraging residents to participate in public process. 4th annual TIHDI Community picnic was a great success and Director Conroy congratulated Sherry Williams, Executive Director of TIHDI, for the success of the picnic.
Citizens' Advisory Board: No CAB meeting in October, next meeting on Thursday November 21st.
TIHDI Report: Child care center to be discussed in closed session during this meeting. Hope to have child care center open sometime soon.
Financial report: Revenues for July 1, 2002 through November 12, 2002 total $3.1 million. Expenses recorded for first quarter 2003 were only $1.1 million.
Legislation: Department of Parking and Traffic working to come to resolution on red zones and fire lanes in residential areas. Issues were before the Board of Supervisors and recommendations were approved.

Ms. Cheng asked if there was an update on the City's Environmental Impact Report (EIR)
Mr. Stephen Proud, TIDA Deputy Director, stated that staff has received a first administrative draft from URS Consulting Group, comments being prepared by City Attorney and TIDA staff. Public draft will be produced in another 6 to 8 weeks.

4. Communications were received from San Francisco Tomorrow, Alliance for a Clean Waterfront, Arc Ecology, and Citizens Advisory Board member Eugene Brodsky.

5. There was no ongoing business discussed by the Commission.

6. General Public Comment

Ms. Sherry Williams, Executive Director of Treasure Island Homeless Development Initiative, discussed the Treasure Island child care center. Center was due to open in June of 2002, opening originally delayed until August due to additional environmental testing performed by the Navy, however center still not open at the present time. Stated that the process of working with the Department of Toxic Substance Control and the U.S. Navy is very slow. TIHDI requested the assistance of TIDA to help resolve this matter in a timely fashion. Child Care Center was a cornerstone of the community development aspect of TIHDI's plan and almost one million dollars have already been expended to improve the center. Many families on Treasure Island are dependent on the opening of child care center.

Ms. Nancy O'Rourke, Director of Special Projects of Kidango, spoke regarding the child care center. She stated that Kidango has no intention of taking legal action against the City and County of San Francisco, also no litigation planned against the U.S. Navy at this point. Four staff members have already left due to lack of work available. Families call daily to ask about opening of center. Many families have had to make other child care plans due to delayed opening. Many low income families on Treasure Island cannot pursue jobs or education due to lack of child care available to them. Image of company is damaged as well by this ongoing delay. Community will be affected since children will not be prepared for school. She urged the TIDA board to look at any methods available to expedite opening of child care center.

Mr. Elberling asked what the $1 million invested went towards and what the sources of these funds were. Ms. O'Rourke stated that the money went to construction and purchase of equipment. Only equipment left to purchase is outdoor play equipment that was damaged by Navy's environmental testing. Estimated tenant improvement costs were close to $800,000, including mold work and replacement of sheet rock and replacement of roof. The sources of funding were from Child Care Facilities Fund and Low Income Housing Fund as well as funds from Department of Children, Youth, and Families. Also received a grant from the Mayor's Office of Community Development for the Conservation Corps to improve playground and outdoor equipment. Kidango has used some of their own funds for construction management costs as well as some operating costs.

Ms. Conroy stated that TIDA staff is working diligently with TIHDI staff as well as the Navy and DTSC to get a resolution on this issue. Emphasized the child care center is very important to Treasure Island and TIHDI as well.

7. Mr. Stephen Proud of TIDA staff presented a sublease with Island Creative Management for Building 2 on Treasure Island. Island Creative management currently uses Building 99 on Treasure Island to build sets for television, film and special events on Treasure Island and around San Francisco. U.S. Navy indicated that Building 99 was the site of former dry cleaning facility and there is ground water contamination on this site that needs to be remediated, so there was a need to move them to a different building. Moving Island Creative Management to Building 2 allows environmental remediation to move forward and also retains an integral tenant on Treasure Island. Building 2 formerly housed "Nash Bridges" television production. Term would be for a one year period of time and the rent would be set at $18,000 per month, current rent at Building 99 is $10,500. This will be a net increase of $90,000 annually to TIDA. City Attorney advised that occupation of a new facility without a competitive solicitation process requires a super-majority vote of the TIDA commission, which is 6 out of 7 votes.

Mr. Michael Cohen, Deputy City Attorney, stated this item does not also require Board of Supervisors approval.

Mr. Green asked how the $18,000 rent compares to the rent that the Nash Bridges production paid
Mr. Proud stated that the rent is less than what Nash Bridges paid but in general it has been a "soft market" for use of Building 2 and Building 3 for film productions. As of now Building 2 is an empty facility generating no revenue.

Ms. Rosen asked if the rent was based on a per-square-foot basis or agreed upon by another means.
Mr. Proud stated that the rent was a negotiated amount, not based on a price per-square-foot. Stated that his sense is the rent is less on a per-square-foot basis than what Island Creative management is paying right now because Building 2 is a comparatively larger space than Building 99.

Ms. Conroy stated that if there is resurgence in interest from the movie and television industries there is the option to relocate Island Creative Management, since the sublease is only for one year, and bring a production into Building 2.

Ms. Rosen requested that any amendment to this sublease contain more market-comparable information before any further decisions are made.

Mr. Green stated that a "whereas" clause should be added to indicate that the facility was previously empty and without revenue from the new tenant that vacancy might continue to remain empty and not earn revenue.

Mr. Ed Abase of Island Creative Management stated that they mainly do set and lighting design and construction for film productions as well as for corporate events. Most recently they did the pre-production support for "La Boheme" which will open soon on Broadway in New York City.

There was no public comment on the issue

The item was motioned for approval by Mr. Wong with an amendment by Ms. Rosen to read "and whereas: Building 2 has been vacant…due to the downturn in film and television production industry in San Francisco". Mr. Green seconded the motion.
The motion was adopted unanimously.

8. Ms. Marianne Conarroe of TIDA staff presented an extension of the land and structures master lease with the United States Navy. This extension covers the brig building, land that California Engineering Contractors is located on, Little League ball field, and other areas on the Island. This extension will extend the term of the lease until November of 2003.

There was no public comment on this item

The item was motioned for approval by Ms. Po-Rufino and seconded by Mr. Green
The item was adopted unanimously.

9-10. Mr. Green moved that the Commission adjourn to closed session and Ms. Cheng seconded the motion
There was no public comment on the closed session items.

The Treasure Island Development Authority went to closed session at 2:25 pm

11-12. The Treasure Island Development Authority returned to open session at 3:35 pm
Mr. Green moved to not disclose what was discussed in the closed session and Mr. Elberling seconded the motion

13. There were no future agenda items discussed by the Commission

14. The meeting adjourned at 3:37 pm

NOTICE OF CANCELLED MEETING

TREASURE ISLAND DEVELOPMENT AUTHORITY

NOTICE IS HEREBY GIVEN that the meeting of the Treasure Island Development Authority scheduled for Wednesday, December 11, 2002 at 1:00 pm at 1 Dr. Carlton B. Goodlet Place, Room 400, City Hall, San Francisco, California, has been **Cancelled.**

Treasure Island Development Authority

Lobbyist Ordinance

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Administrative Code 16.520-16.534] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102, telephone (415) 581-2300, fax (415) 581-2317 and web site http://www.sfgov.org/ethics/.

Know Your Rights Under the Sunshine Ordinance

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review.

For more information on your rights under the Sunshine Ordinance [Chapter 67 of the San Francisco Administrative Code] or to report a violation of the ordinance, contact Donna Hall by mail at Sunshine Ordinance Task Force at City Hall, Room 409, 1 Carlton B. Goodlett Place, San Francisco, CA 94102-4683. The Task Force's telephone and fax numbers are (415) 554-7724 and (415) 554-5163 (fax) or by email at Donna_Hall@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org/bdsupvrs/sunshine/ordinance.

Treasure Island Development Authority
410 Palm Avenue, Building 1, 2nd Floor
Treasure Island
San Francisco, CA 94130

Government Information Center
SF Public Library
100 Larkin Street
San Francisco, CA 94102

The regular meetings of the Treasure Island Development Authority are held the 2nd Wednesday of each month at 1:30 p.m. in Hearing Room 400 in City Hall, 1 Dr. Carlton B. Goodlett Place. The next regular meeting is Wednesday, January 8, 2003.

A binder of supporting material is available for public viewing at the Mayor's Treasure Island Project office, 410 Palm Avenue, on Treasure Island and at the Government Information Center reference desk, Main Library, Civic Center.